Budget 2005

HIGHLIGHTS

GOVERNMENT OF
NEWFOUNDLAND AND LABRADOR

P. O. Box 8700, St. John's, NL A1B 4J6

www.gov.nl.ca/budget2005

A New Future, A Renewed Pride

Budget Overview

Economic Performance

- Review of 2004:
  - Real GDP increased by 1.4% driven mainly by investment and consumer spending;
  - Capital investment increased to over $4.2 billion, up 13.8% over 2003 levels, largely due to the White Rose and Voisey's Bay projects; and
  - Employment increased by 1.3% to 215,200 and the unemployment rate fell to 15.6%, its lowest level in 15 years.

- Forecast for 2005:
  - Real GDP is expected to grow by 2.1% as iron ore production rebounds and Voisey's Bay shipments begin;
  - Capital investment is projected to increase by 1.9%; and
  - Employment is expected to grow by 1.4% to 218,200 and the unemployment rate is forecast to decline to 15.1%.

Fiscal Performance 2004-05

- Significant improvements in the province's fiscal circumstances:
  - New Atlantic Accord arrangement;
  - Improvements to the Equalization Program; and
  - Higher offshore royalties.

- Deficit of $473 million versus budget target of $840 million.

- Cash shortfall of $14 million versus budget target of $362 million.

Fiscal Outlook 2005-06

- Deficit projected to be $492 million.

- Cash shortfall estimated to be $62 million.

- No new taxes and only one tax rate increase. Effective 12:01 a.m., March 22, 2005, the tobacco tax rate on cigarettes will increase by one cent per cigarette and by five cents per gram of fine-cut tobacco.

Investing Strategically To Strengthen Our Province

Tourism, Culture and Recreation

- $6 million in operational funding is provided for *The Rooms* to assist in securing and celebrating our rich and dynamic culture.
- $2.29 million is earmarked for the Newfoundland and Labrador Film Development Corporation. Of that amount, $2 million will be used to assist the film industry through the Equity Investment Program, while the remainder will be used for core operational support.
- $2.4 million has been allocated to support the growth of cultural industries. This includes funding for the Cultural Economic Development Program, Music Industry Association of Newfoundland and Labrador, Heritage Foundation of Newfoundland and Labrador, Magnetic North Theatre Festival and the Art Procurement Program.
- An additional $1 million is allocated for tourism marketing, bringing the total tourism marketing budget to $8 million.
- An additional $160,300 is allocated for the Newfoundland and Labrador Arts Council (NLAC) of which $100,300 will be used for core programs and $60,000 will be used to support the NLAC 25th Anniversary Celebrations. This new funding brings government's total contribution to NLAC in 2005-06 to $900,000.
- $500,000 has been provided to support the 2006 Labrador Winter Games.
- Government is prepared to provide $1.3 million over the next two years towards the future development of a new Provincial Training Centre. The Province is the first funding partner to confirm its intentions and is encouraging the Government of Canada and the City of St. John's to join us.
- Beginning this year, $100,000 will be provided in each of the next three years for Destination Labrador to implement a marketing and product development program.

Business and Innovation, Trade and Rural Development

- Over $8 million in additional funding is provided for IT initiatives to assist in fulfilling government's commitment to streamline and enhance service delivery, reform IT management and operational practices, and work with local IT companies.

- $7.9 million, in addition to the $2.1 million previously allocated to the Small Business Seed Capital Equity Program, will be used to establish a new $10 million Small and Medium Enterprise (SME) Fund. This fund will be used to provide loans and equity investments to small and medium size businesses.

- $5 million is provided to establish a Regional/Sectorial Diversification Fund that will provide contributions for economic development initiatives that address regional and sectorial development, diversification and innovation.

- Funding for the Business and Marketing Development Program has been doubled from $500,000 to $1 million annually.

- $1 million has been allocated for the implementation of the provincial Innovation Strategy.

Transportation and Works

- $33.7 million provincial commitment to improve provincial roads. This includes a continuation of the commitment of $30 million for the Provincial Roads Improvements Program and $3.7 million in uncompleted road work which will be carried over from the 2004-05 fiscal year.

- $40 million is provided for continued work on Phase III of the Trans Labrador Highway, including carryover work from the 2004-05 construction season.

- Strategic investments will be made in ferries and marine infrastructure:
  - $2.97 million provided for refits to the *MV Sir Robert Bond* and *MV Northern Ranger*, which are part of the Labrador Marine Service;
  - $4 million allocated for annual and mid-life vessel refits for ferries that serve the island;
  - $1 million in new funding provided for capital improvements to the province's ferry terminals; and
  - $500,000 earmarked for planning work towards an implementation of a provincial vessel replacement strategy.

Municipal and Provincial Affairs

- Improvements to municipal infrastructure have been approved under the Multi-Year Capital Works Program, the Municipal Capital Works Program and the Canada / Newfoundland and Labrador Infrastructure Program. The province's share of $46.5 million brings the total value of this year's capital works to $83 million.

- The Municipal Rural Infrastructure Fund is also expected to cost share infrastructure projects valued at $84 million over five years and the federal gas tax rebate will invest $82.3 million over five years.

- $4.25 million is earmarked for the Community Enhancement Program to highlight employment projects which have an economic development or community infrastructure objective.

Natural Resources

- In addition to the $10.1 million in federal-provincial funding available under the Agricultural Policy Framework Agreement, the province will invest another $4 million to commence new agricultural initiatives and expand existing programs. This includes $3.5 million for farmland consolidation and long-term development.

- $7.3 million is allocated for silviculture initiatives, including support for the Wooddale Provincial Tree Nursery and the Happy Valley-Goose Bay regional nursery, the reforestation program, and research and development initiatives.

- $3.5 million has been budgeted for forest resource road construction.

- $900,000 is provided to strategically position the energy sector to maximize benefits for Newfoundlanders and Labradorians, including development of a comprehensive Energy Plan.

- $800,000 is provided to expand the Inland Fisheries Enforcement Program to assist in addressing poaching problems and to protect our vital natural resources.

Fisheries and Aquaculture

- A new Seafood Development and Diversification Division will be established to coordinate fisheries development responsibilities. This will see a greater emphasis on public and private sector partnerships to develop the harvesting, processing and marketing sectors.

Environment and Conservation

- $1 million is allocated to complete the clean-up of PCB contaminated material and hydrocarbon fuel contamination at the former military site in St. Anthony.

- $500,000 is provided to create the Centre of Environmental Excellence in Corner Brook. This funding will be used for a master plan and feasibility studies.

- $300,000 is allocated to fully operationalize the Institute for Biodiversity and Ecosystem Science at the Sir Wilfred Grenfell College.

- $250,000 will be spent to upgrade La Manche Provincial Park, including installation of a comfort station and related facilities.

- Funding of approximately $367,800 has been allocated for a Mealy Mountain caribou monitoring program in Labrador to ensure protection of the herd during the construction and operation of Phase III of the Trans Labrador Highway.

Investing In Our Social Responsibilities

Health and Community Services

- $20 million in one-time stabilization funding has been allocated to the Regional Integrated Health Authorities to assist them to achieve their budget targets.

- Funding of $23.2 million is provided to reduce patient wait times and improve access to key services by purchasing new medical equipment and expanding services. Some of the items included in this funding are:

  Equipment Purchases:
  - $2.6 million for a second MRI unit in St. John's;
  - $2 million towards replacing two existing CT scanners with new multi-slice CT scanners at the Health Sciences Centre and St. Clare's Hospital;
  - $1.3 million for new ultrasound equipment in Carbonear, Corner Brook, St. John's and Labrador; and
  - $6.2 million for nuclear medicine gamma cameras, mammography units, endoscopy equipment and laparoscopic equipment.

Expanded Services:

- $3.5 million to increase surgical capacity for cancer patients;
- $2.6 million to increase surgical capacity for joint replacement at the St. John's hospitals;
- $1.2 million to increase cardiac surgeries and to improve access to echocardiograms; and
- $1.3 million to support dialysis services in Gander and Carbonear; introduce Visudyne, a new photo-dynamic therapy for macular degeneration; extend mammography and endoscopy services in Grand Falls-Windsor; enhance cardio perfusion tests and bone scans in Gander; and extend access to chemotherapy and radiation at the Newfoundland Cancer Treatment and Research Foundation Centre in St. John's.

- $4 million is provided to expand and enhance the Picture Archiving Communications Systems.

- $7 million is budgeted to expand the provincial drug program. Approximately $2 million of this funding will support the associated costs of new drugs such as Remicade and Enbrel, while the remaining $5 million is earmarked to help the program meet growing demands and increased utilization. This brings government's total investment in the prescription drug program to $114 million.

- $1 million is devoted to implement initiatives consistent with the advice of the OxyContin Task Force. This includes establishing a methadone maintenance program.

- $740,000 is provided for gambling addiction services and awareness. As well, government is freezing the number of VLTs in the province at the current amount of 2,687 and will begin a five year reduction plan next year to reduce the number of machines by approximately 15%.

- $2.7 million is allocated to proceed with the detailed design and initial site work for a new long-term care home in Corner Brook.

- $1.4 million is allocated to begin detail design and site work for a new long-term care home in Clarenville.

- $200,000 is provided to begin planning and develop conceptual drawings for a new long-term care home in Happy Valley-Goose Bay.

- Effective April 1, 2005, $5 million will be provided to increase the home support rate so that employers of home support workers can provide a 50-cents-per-hour wage increase to their workers in recognition of the valuable contribution they make.

- $4 million is available for personal and community care homes to assist operators with the installation of sprinkler systems in these homes.

- An additional $1 million is allocated for Primary Mental Health Services. With these new resources, government is living up to its commitment to provide better access to services for those suffering with mental illness.

- $567,000 is available to assist Labradorians access health services outside their communities.

Human Resources, Labour and Employment

- $6.2 million is provided to the Student Investment and Opportunities Corporation for youth employment and career initiatives.

- $2 million will be invested over the next three years in employment and career planning, beginning in 2005-06 with $500,000 to direct more services to Income Support clients, including youth.

- An additional $1 million is provided in 2005-06 to increase income support rates for couples without children and single clients. Support benefit rates will increase by 1% on July 1, 2005 and another 1% on January 1, 2006.

- Beginning in September 2005, a new Stay in School Incentive Allowance will be established. A total of $600,000 is provided to help offset the loss of child benefits for families receiving income support and to encourage youth to complete high school.

- $350,000 is allocated for an improved earnings exemption for working Income Support clients that allows clients to keep 10% of their earnings beyond the current levels.

- An additional $411,000 is allocated to the Labour Market Development Agreement for Person with Disabilities to enter the work force and maintain employment.

- $500,000 is provided to help young people get the support they need, including $250,000 to support the Kids Eat Smart Foundation program and $250,000 for youth recreational and extra-curricular programs.

- $250,000 is provided to increase the Newfoundland and Labrador Child Benefit.

- $200,000 is allocated towards the development of an anti-poverty strategy.

Women's Policy

- Increased funding is allocated to support the operation of eight Status of Women Councils/Centres.
- $500,000 is committed for violence prevention work in this province.

Justice

- Four new RCMP officers will be hired to increase police resources and enhance public safety.
- Funding of $183,000 is provided to support the National Sex Offender Registry.
- $400,000 is provided for the planning and design of a Supreme /Provincial Court building in Corner Brook.
- $183,000 is allocated for a court security program for the Supreme and Provincial Courts in Corner Brook and the Provincial Court in Stephenville.
- Start-up funding of approximately $255,000 is provided to create a new Victims Services Program for Children. A Provincial Victim Fine Surcharge which will be applied to Provincial Statute offences will fund this program over the long term.

Education

K to 12 System

- $26 million is provided for school infrastructure, including construction, major maintenance, renovations, upgrading, extensions and re-development of aging buildings. Included in this funding is an increased allocation for major maintenance projects to $12 million and $4 million carried over from the previous year.
- $250,000 is committed to allow school boards to undertake a long-term facilities planning process that will assess the suitability of existing buildings and estimate future needs for school infrastructure.
- 52 teaching units will be reinvested to address primary class size issues. Redeploying these teaching units back into the system represents and investment of $3.1 million annually.

- Approximately $3 million per year, over the next three years, is provided to implement *Cultural Connections*, a comprehensive, sustainable fine arts and culture strategy in our schools. The strategy will include the redeploying of an additional 23 teaching units to support enhanced music and cultural programs.

- $3 million is allocated to begin to reduce the age of school buses, and address maintenance and bus driver training issues. This includes funding to finance 53 brand new school buses for our children.

- An extra $2.5 million, over and above the $4 million base budget, is provided to support the purchase of new learning resources to ensure the province's curriculum remains current.

- $1 million is provided to purchase physical education equipment for schools to promote healthier lifestyles.

- $500,000 is committed to begin the process of addressing issues identified in the federally-commissioned report on Innu education, commonly known as the Philpott report.

Post-Secondary Education

- Funding is provided to Memorial University and the College of the North Atlantic to enable these institutions to extend the tuition freeze. This freeze will mean tuition in this province remains the lowest rate in the country and 40 percent lower than the national average.

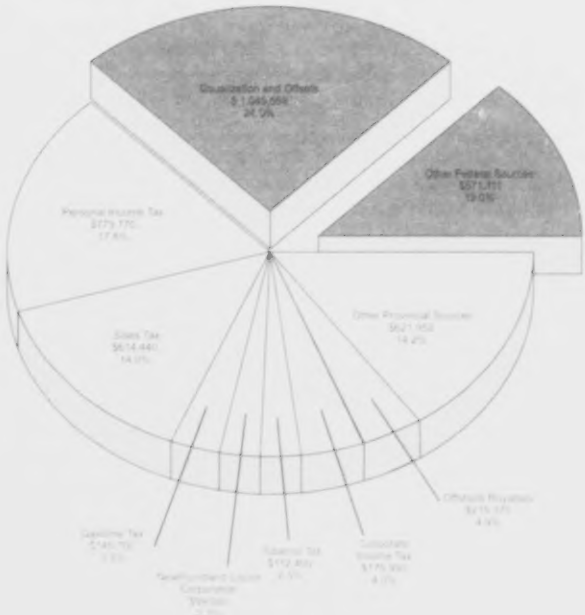
- $14.7 million has been allocated for implementation of initiatives arising from the White Paper on Post-Secondary Education.

- An additional $230,000 is provided for the Adult Basic Education Level 1 pilot programs, bringing total funding to $530,000.

SUMMARY OF CURRENT REVENUES (By Source)

WHERE THE MONEY COMES FROM

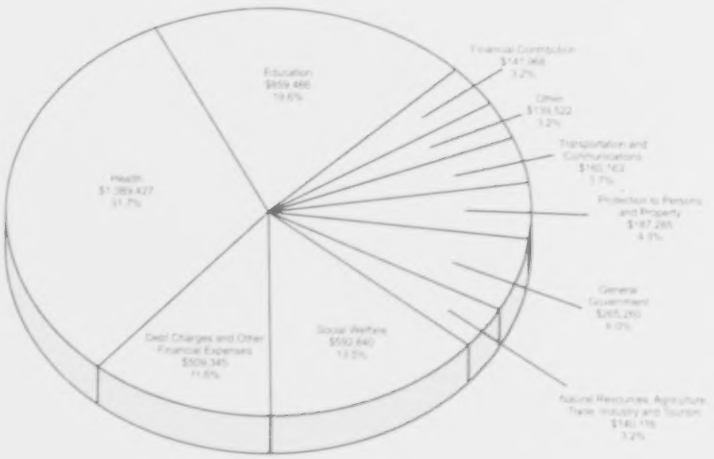
SUMMARY OF CURRENT REVENUES (By Source)
WHERE THE MONEY COMES FROM



Percentage Of Total		Source	Amount ($000)	
Revised 2004-05	Estimate 2005-06		Estimate 2005-06	Revised 2004-05
		Provincial:		
17.8	17.8	Personal Income Tax	779,770	766,446
14.8	14.0	Sales Tax	614,440	635,804
3.3	3.3	Gasoline Tax	145,700	142,000
5.5	4.9	Offshore Royalties	215,370	234,420
2.5	2.3	Newfoundland Liquor Corporation	99,000	106,370
2.4	2.5	Tobacco Tax	112,400	102,800
3.9	4.0	Corporate Income Tax	175,996	170,000
13.5	14.2	Other Provincial Sources	621,952	580,355
63.7	63.0	Total: Provincial	2,764,622	2,737,195
		Government of Canada:		
24.6	24.0	Equalization and Offsets	1,049,659	1,053,555
11.7	13.0	Other Federal Sources	571,111	503,446
36.3	37.0	Total: Government of Canada	1,620,770	1,557,001
100.0	100.0	Total	4,385,392	4,294,196

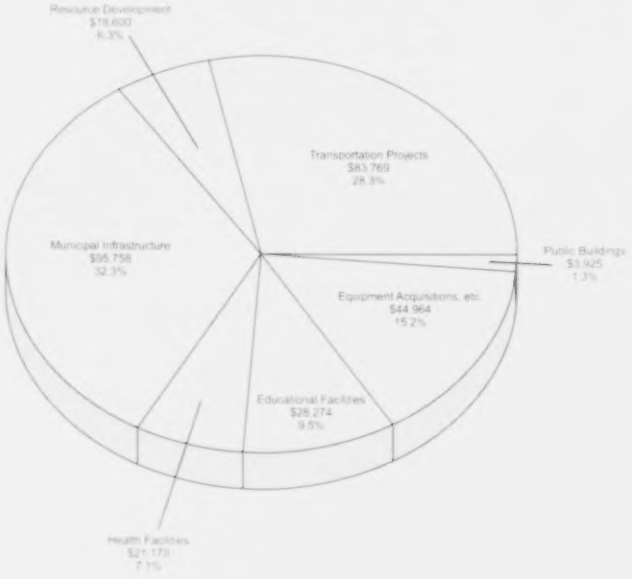
SUMMARY OF CURRENT ACCOUNT EXPENDITURES (By Function)

WHERE THE MONEY GOES



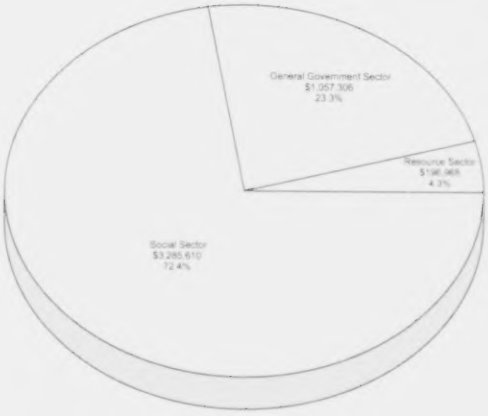
Percentage of Total		Function of Expenditure	Amount ($000)	
Revised 2004-05	Estimate 2005-06		Estimate 2005-06	Revised 2004-05
		Expenditure:		
19.7	19.6	Education	859,466	847,641
30.7	31.7	Health	1,389,427	1,318,368
11.7	11.6	Debt Charges and Other Financial Expenses	509,345	500,299
13.5	13.5	Social Welfare	592,840	578,576
2.7	3.2	Natural Resources, Agriculture Trade, Industry and Tourism	140,116	117,977
5.3	6.0	General Government	265,260	227,066
4.3	4.3	Protection to Persons and Property	187,285	184,357
3.6	3.7	Transportation and Communications	160,163	153,212
3.0	3.2	Other	139,522	129,055
94.5	96.8	Total: Expenditures	4,243,424	4,056,551
5.5	3.2	Financial Contribution	141,968	237,645
100.0	100.0	Total	4,385,392	4,294,196

SUMMARY OF GROSS CAPITAL ACCOUNT EXPENDITURES
(By Function)



Percentage of Total		Category of Capital Expenditure	Amount ($000)	
Revised 2004-05	Estimate 2005-06		Estimate 2005-06	Revised 2004-05
		Expenditure:		
9.4	28.3	Transportation Projects	83,769	23,356
3.4	6.3	Resource Development	18,600	8,392
17.5	32.3	Municipal Infrastructure	95,758	43,442
4.4	7.1	Health Facilities	21,170	10,800
38.6	9.5	Educational Facilities	28,274	95,513
6.5	15.2	Equipment Acquisitions, etc	44,964	16,026
20.2	1.3	Public Buildings	3,925	50,073
100.0	100.0	**Total: Expenditure**	296,460	247,602
		Source of Financing:		
8.2	16.7	Government of Canada Revenues	49,541	20,328
4.4	14.5	Provincial Revenues	42,902	10,888
87.4	68.8	Financial Requirement	204,017	216,386
100.0	100.0	**Total: Sources**	296,460	247,602

SUMMARY OF GROSS GOVERNMENT EXPENDITURES
CURRENT AND CAPITAL
(By Sector)



(TOTAL EXPENDITURE: $ 4,539,883,900)

GROSS GOVERNMENT EXPENDITURE

	Estimate 2005-06 ($000)	Percentage of Total %
Sector Expenditure		
General Government	1,057,306	23.3
Resource	196,968	4.3
Social	3,285,610	72.4
Total: Expenditure	4,539,884	100.0

RESOURCE SECTOR

	Estimate 2005-06 ($000)	Percentage of Total %
Business	1,432	0.1
Environment and Conservation	25,042	0.6
Fisheries and Aquaculture	10,326	0.2
Innovation, Trade and Rural Development	43,563	0.9
Natural Resources	77,843	1.7
Tourism, Culture and Recreation	38,762	0.8
Total: Resource Sector	196,968	4.3

SOCIAL SECTOR

	Estimate 2005-06 ($000)	Percentage of Total %
Education	904,345	20.0
Health and Community Services	1,788,948	39.4
Human Resources, Labour and Employment	276,838	6.1
Justice	145,334	3.2
Municipal and Provincial Affairs	160,495	3.5
Newfoundland and Labrador Housing Corporation	9,650	0.2
Total: Social Sector	3,285,610	72.4

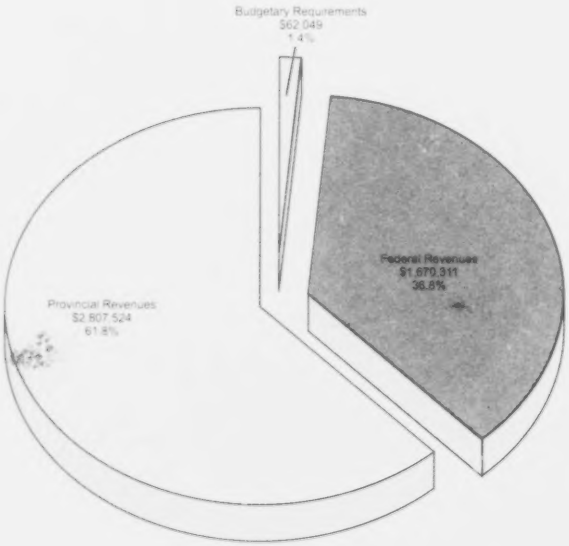
GENERAL GOVERNMENT SECTOR

	Estimate 2005-06 ($000)	Percentage of Total %
Consolidated Fund Services	581,111	12.8
Executive Council	42,660	0.9
Finance	65,602	1.5
Government Services	34,647	0.8
Labrador and Aboriginal Affairs	8,311	0.2
Legislature	15,417	0.3
Public Service Commission	2,733	0.1
Transportation and Works	306,825	6.7
Total: General Government Sector	1,057,306	23.3

SUMMARY OF BUDGETARY FINANCING SOURCES
(For Gross Current and Capital Account Expenditures)

Percentage of Total		Category of Financing	Amount ($000)	
Revised 2004-05	Estimate 2005-06		Estimate 2005-06	Revised 2004-05
		Revenue Sources		
		Budgetary Requirements		
		Total Sources		

SUMMARY OF BUDGETARY FINANCING SOURCES
(For Gross Current and Capital Account Expenditures)



Percentage of Total		Category of Financing	Amount ($000)	
Revised 2004-05	Estimate 2005-06		Estimate 2005-06	Revised 2004-05
		Revenue Sources:		
63.9	61.8	Provincial	2,807,524	2,748,083
36.6	36.8	Federal	1,670,311	1,577,329
100.5	98.6		4,477,835	4,325,412
		Budgetary Requirements:		
5.0	4.5	Capital Account (Net Expenditure)	204,017	216,386
(5.5)	(3.1)	Current Account (Financial Contribution)	(141,968)	(237,645)
(0.5)	1.4	Total Budgetary Requirements (Contribution)	62,049	(21,259)
100.0	100.0	**Total: Sources**	4,539,884	4,304,153

Budget 2005

Delivered by Hon. Loyola Sullivan
Minister of Finance
and President of Treasury Board

at the Second Session of the Forty-Fifth
General Assembly of the
Province of Newfoundland and Labrador

March 21, 2005

105-03714/

GOVERNMENT OF
NEWFOUNDLAND AND LABRADOR

BUDGET SPEECH 2005

"A New Future...A Renewed Pride"

Delivered by

HONOURABLE LOYOLA SULLIVAN
Minister of Finance and
President of Treasury Board

At The
Second Session of The Forty Fifth General Assembly
of The House of Assembly

MONDAY, MARCH 21, 2005

TABLE OF CONTENTS

INTRODUCTION: A New Future...A Renewed Pride	1
FISCAL FRAMEWORK	4
Review of 2004-05	4
Forecast for 2005-06 and Beyond	5
BUDGET PLAN FOR 2005-06	8
Revenue Plan	8
Expenditure Plan	8
INVESTING STRATEGICALLY TO STRENGTHEN OUR PROVINCE	11
Tourism, Culture and Recreation	11
Business and Innovation, Trade and Rural Development	14
Transportation and Works, and Government Services	16
Municipal and Provincial Affairs	18
Natural Resources	18
Environment and Conservation	20
INVESTING IN OUR SOCIAL RESPONSIBILITIES	21
Health and Community Services	21
Human Resources, Labour and Employment	25
Women's Policy	28
Justice	28
Education	30
CONCLUSION	33

INTRODUCTION: A New Future...A Renewed Pride

Mr. Speaker, a year has passed since I presented the first budget of this government under the leadership of Premier Danny Williams. It is my privilege to report that, while considerable work awaits our collective efforts, our government is on the right track. And we intend to stay the course and work together, more vigorously than ever before, to build a new future of self-reliance for Newfoundland and Labrador.

Our government entered office almost seventeen months ago with a mandate and a mission to end the giveaways and begin harnessing our resources in ways that will open up bright, new opportunities for individuals, families, employers and communities throughout Newfoundland and Labrador. In our Blueprint, we presented the people with an eight-year plan to build a brighter future.

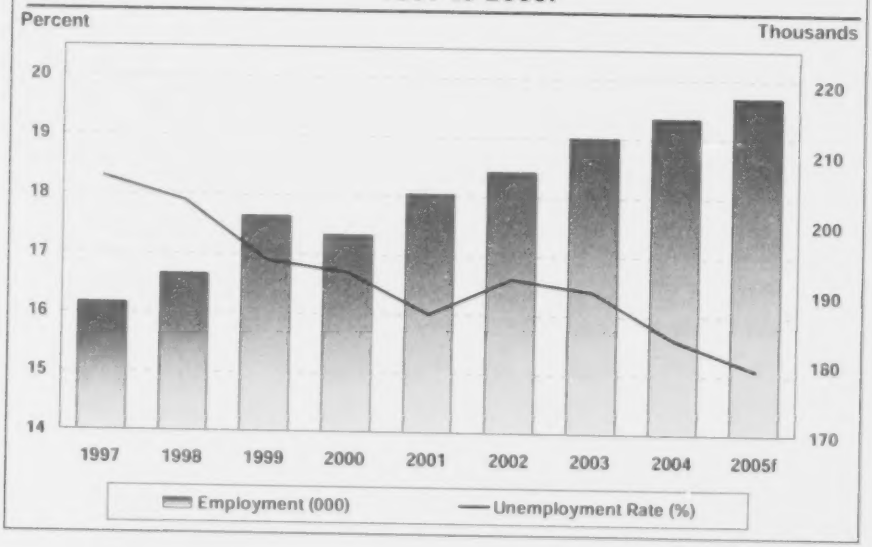
However, what we inherited on day one of our mandate was a massive barrier to progress directly in our path: a staggering mountain of debt and financial obligations that exceeded the province's fiscal means. Independent auditors and advisors, including PricewaterhouseCoopers, expressed serious concern that the province's fiscal situation was unsustainable and very troubling. Our province was facing billion-dollar deficits that, within a decade, would have nearly doubled the province's debt. Without significant decisive action, the situation would have only deteriorated, obligating the government to divert more and more of its limited resources from valuable programs to debt servicing.

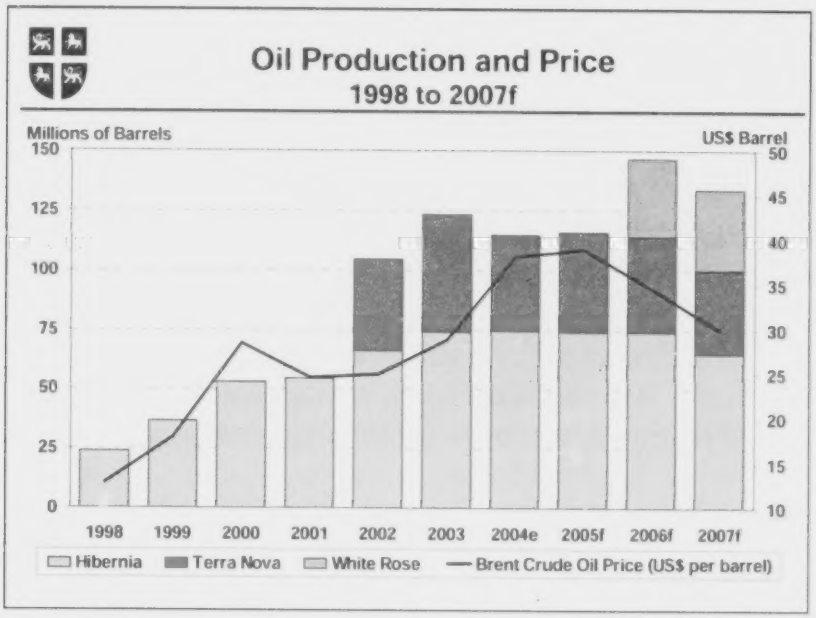
Over the past year, through a combination of prudent spending and effective negotiating for additional revenue, we were able to not only enhance our social programs but also significantly improve our province's fiscal situation. The challenges and choices were tough, but we faced them responsibly. The new agreements our Premier fought to achieve on offshore revenue sharing, equalization and health funding have fundamentally changed our circumstances for the better. As a result of the approach we have taken, Newfoundland and Labrador is in a far better position at the end of this fiscal year than when the year began.

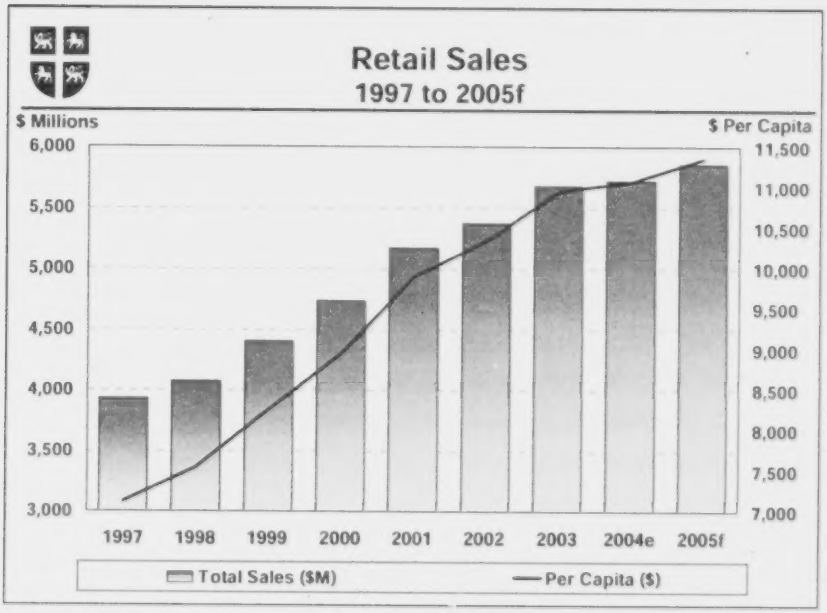
Newfoundland and Labrador
Main Economic Indicators
(Percentage Change)

	2004	2005 f	2006 f	2007 f
Gross Domestic Product				
Nominal	7.9	3.8	5.6	-5.8
Real	1.4	2.1	5.1	-0.2
Personal Income				
Nominal	2.7	2.6	2.9	3.7
Real	0.8	0.9	1.1	1.7
Retail Sales				
Nominal	0.8	2.4	1.7	2.4
Real	-1.4	0.8	-0.1	0.5
Housing Starts	6.6	-7.4	-8.3	-1.1
Consumer Price Index	1.8	1.7	1.7	1.9
Employment	1.3	1.4	0.4	1.0
Unemployment Rate (percent)	15.6	15.1	15.0	14.6

Employment and Unemployment Rate
1997 to 2005f




Oil Production and Price
1998 to 2007f
Millions of Barrels
US$ Barrel
150
125
100
75
50
25
0
50
45
40
35
30
25
20
15
10
1998 1999 2000 2001 2002 2003 2004e 2005f 2006f 2007f
Hibernia
Terra Nova
White Rose
Brent Crude Oil Price (US$ per barrel)


Retail Sales
1997 to 2005f
$ Millions
$ Per Capita
6,000
5,500
5,000
4,500
4,000
3,500
3,000
11,500
11,000
10,500
10,000
9,500
9,000
8,500
8,000
7,500
7,000
1997 1998 1999 2000 2001 2002 2003 2004e 2005f
Total Sales ($M)
Per Capita ($)

FISCAL FRAMEWORK

Review of 2004-05

Mr. Speaker, before considering our detailed fiscal plans and expectations for 2005-06 and beyond, let us reflect on the year we are about to conclude.

Facing the unsustainable prospect of annual billion-dollar deficits on a go-forward basis, I announced in last year's budget speech a multi-year plan to eliminate the province's cash shortfall by 2007-08 and reduce the deficit progressively over time in order to position our province for long-term fiscal sustainability.

Several factors that were unforeseeable a year ago have significantly improved our province's fiscal circumstances. Premier Williams was successful in negotiating a new arrangement on the sharing of offshore petroleum revenue that enables Newfoundland and Labrador to retain 100% of its provincial share of the revenue. The impact of this arrangement alone has contributed $134 million in additional revenue in 2004-05. The Premier was also instrumental in achieving significant improvements to the country's Equalization Program which contributed to an increase in revenue from this source of $88 million. An increase in royalties related to offshore petroleum production, primarily as a result of higher prices, contributed $113 million toward the improved provincial bottom line.

These impacts, in combination with new Health Accord revenue, careful monitoring of expenditures and other factors, have helped us reduce the 2004-05 deficit from $840 million to $473 million, and cut the cash shortfall from $362 million to just $14 million. These results for 2004-05 reflect our government's decision to repay the outstanding debt of the Heritage Corporation (The Rooms) and the Education Investment Corporation which totaled $117 million.

Forecast for 2005-06 and Beyond

Mr. Speaker, our achievements in the past year will continue to benefit us for years to come. Revenues in 2005-06 are projected to be significantly higher than we had earlier anticipated, primarily because of the new Atlantic Accord 2005, higher offshore royalties, additional Equalization, and an expanded Canada Health Transfer.

Expenditures will also be up as we make strategic investments that will reap significant dividends in years to come. We have revised our multi-year fiscal plan to reflect the new circumstances. We now project that the deficit in 2005-06 will be $492 million, not the $759 million we projected last year; and the cash shortfall will be just $62 million, not the $320 million we projected last year. This is indeed remarkable progress for such a short period of time.

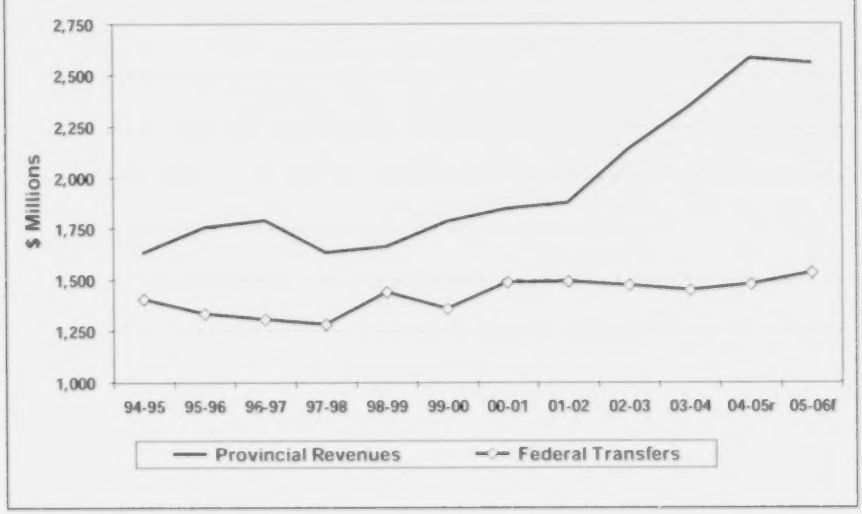
As a result of our commitment to good fiscal stewardship, our government is now well ahead of the multi-year goal we set last year of achieving a balanced cash requirement and a significantly lower deficit by 2007-08. We now project that we will achieve deficits of $307 million in 2006-07 and $384 million in 2007-08. Furthermore, instead of a cash shortfall in 2006-07 of $250 million, we now project a cash surplus of $143 million for that year. And in the following year, 2007-08, instead of a balanced cash position, we project a cash surplus of $73 million. The cash component of the deficit will be gone.

However, Newfoundland and Labrador will not achieve true fiscal freedom until we have also dealt with the liabilities resulting from our accumulated deficits. With the first milestone achieved, the elimination of the cash shortfall, we will protect and strengthen this financial position by tackling the real deficit which is the accrual deficit. By progressively lowering the deficit in this way, we will curb the rate of growth of the public debt; and eventually, our province will be in a position to completely halt the growth of our debt and begin lightening the burden that our children and grandchildren will have to bear.

Summary of 2004-05 Financial Performance
($ Millions)

	Restated Budget 2004-05	Revised 2004-05	Variance
Current Account			
Gross Expenditure	4,096.1	4,056.6	39.5
Related Revenue	224.8	232.9	8.1
Net Expenditure	3,871.3	3,823.7	47.6
Provincial and Federal Revenues	3,654.1	4,061.4	407.3
Financial Requirement / (Contribution)	217.2	(237.7)	454.9
Capital Account			
Gross Expenditure	177.1	247.6	(70.5)
Related Revenue	69.7	31.2	(38.5)
Net Expenditure	107.4	216.4	(109.0)
Borrowings - Other Entities	37.0	35.0	2.0
Borrowing Requirements - Budgetary	361.6	13.7	347.9
Accrual Adjustments	478.0	459.1	18.9
Consolidated Accrual Deficit	839.6	472.8	366.8

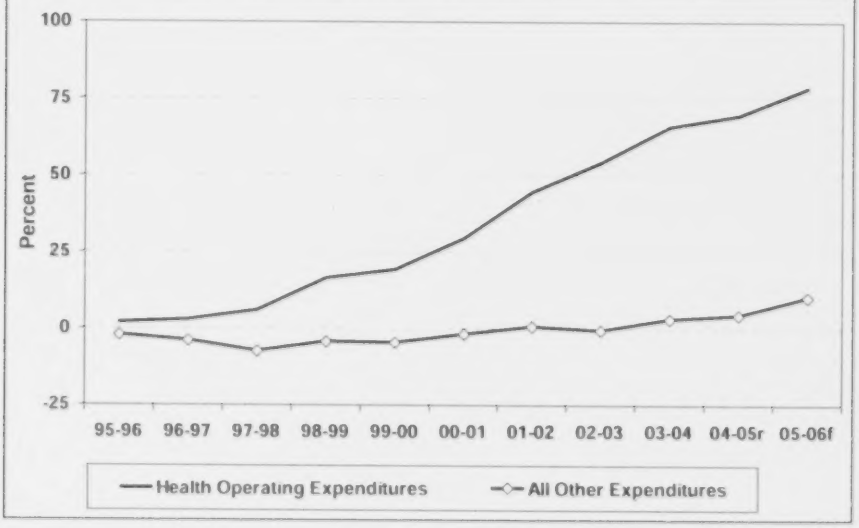
Provincial Revenues and Federal Transfers
1994-95 to 2005-06f



Estimated Budgetary Position
($ Millions)

	Estimates 2005-06	Revised 2004-05
Current Account		
Gross Expenditure	4,243.4	4,056.6
Related Revenue	293.1	232.9
Net Expenditure	3,950.3	3,823.7
Provincial and Federal Revenues	4,092.3	4,061.4
Financial Contribution	(142.0)	(237.7)
Capital Account		
Gross Expenditure	296.4	247.6
Related Revenue	92.4	31.2
Net Expenditure	204.0	216.4
Borrowings - Other Entities	0.0	35.0
Borrowing Requirement - Budgetary	62.0	13.7
Accrual Adjustments	430.5	459.1
Consolidated Accrual Deficit	492.5	472.8

Cumulative Expenditure Growth
1995-96 to 2005-06f



BUDGET PLAN FOR 2005-06

Revenue Plan

Mr. Speaker, as a benefit of our actions and successes of the past year, we are now in a position to announce that there are no new taxes and, with one exception, no tax rate increases in this year's budget.

Our primary reason for implementing this solitary tax increase is not to raise new revenue. It is to protect our people and, ultimately, our treasury from the consequences of smoking. Effective a minute after midnight tonight, we will raise the tax rate by one cent per cigarette and by five cents per gram of fine-cut tobacco.

The single greatest financial improvement in this year's budget is the impact of the revenue from the Atlantic Accord 2005. Our government looks forward to early passage of the enacting legislation through the Parliament of Canada so that Newfoundland and Labrador can begin to reap the benefits of our provincial share of offshore petroleum revenue and, in particular, the benefits from the advance payment of $2 billion. As I have already stated, achieving this new revenue is a significant reason for the improvement in our fiscal situation. However, the magnitude of our fiscal challenge is such that we cannot afford to squander one precious penny of this revenue. It would not only be unwise, but in fact impossible, to accommodate all the requests for new funding. Rather, we must respect our moral obligation to invest this revenue wisely and strategically in ways that will benefit both current and future generations to the greatest extent possible.

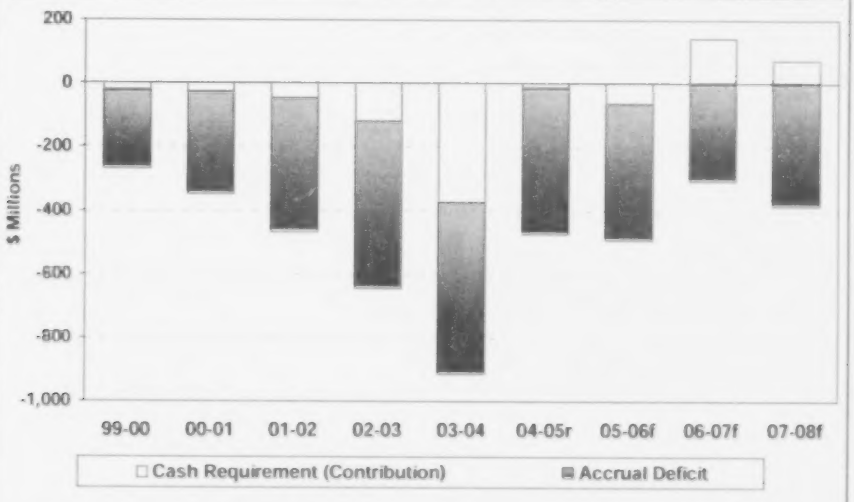
Expenditure Plan

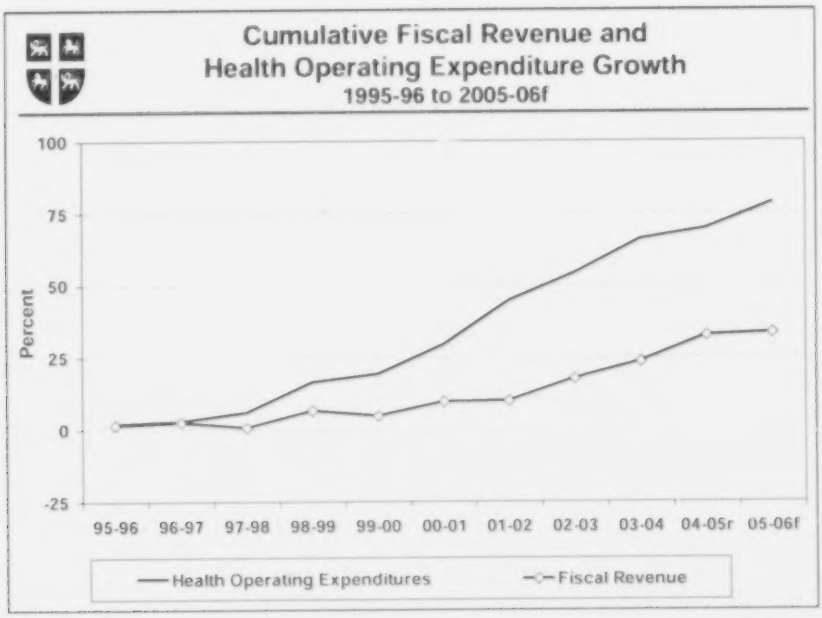
Mr. Speaker, with this budget, we are taking significant new steps to implement our economic growth agenda by investing strategically in programs and initiatives that will nurture opportunities for development in Newfoundland and Labrador. Like our plan last year, our budget expenditure plan for 2005-06 includes measures to shore up our fiscal position and to secure and sustain the social programs on which our people rely.

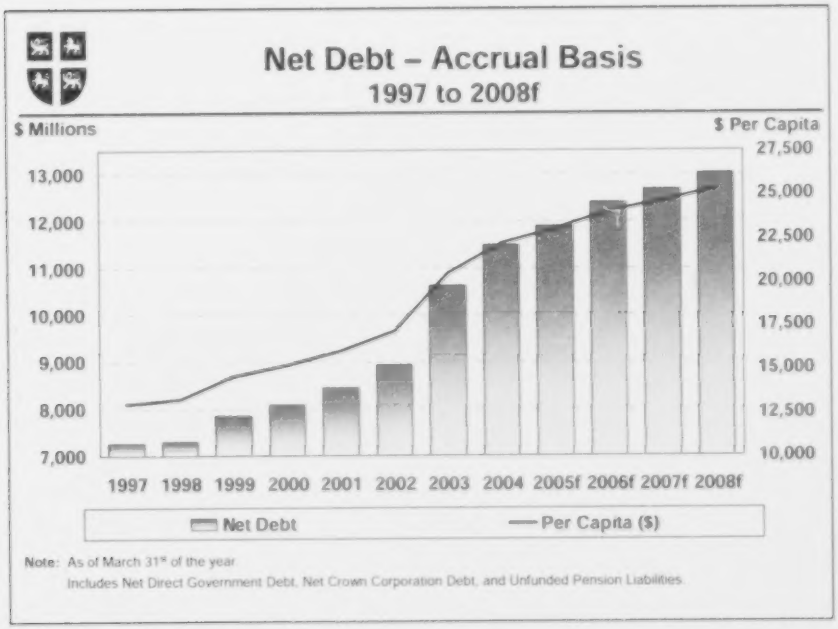
The Budget Plan 2005
Fiscal Targets
($ Millions)

	2005-06	2006-07	2007-08
Total Revenue	4,477.8	4,711.2	4,742.6
Gross Expenditure	4,539.8	4,568.2	4,669.2
Cash Requirement / (Contribution)	62.0	(143.0)	(73.4)
Accrual Adjustment	430.5	450.1	457.8
Consolidated Accrual Deficit	**492.5**	**307.1**	**384.4**

The Budget Plan 2005
Cash Requirement (Contribution) and Accrual Deficits
1999-00 to 2007-08f




Cumulative Fiscal Revenue and
Health Operating Expenditure Growth
1995-96 to 2005-06f
Percent
100
75
50
25
0
-25
95-96 96-97 97-98 98-99 99-00 00-01 01-02 02-03 03-04 04-05r 05-06f
Health Operating Expenditures
Fiscal Revenue


Net Debt – Accrual Basis
1997 to 2008f
$ Millions
$ Per Capita
13,000
12,000
11,000
10,000
9,000
8,000
7,000
27,500
25,000
22,500
20,000
17,500
15,000
12,500
10,000
1997 1998 1999 2000 2001 2002 2003 2004 2005f 2006f 2007f 2008f
Net Debt
Per Capita ($)
Note: As of March 31st of the year
Includes Net Direct Government Debt, Net Crown Corporation Debt, and Unfunded Pension Liabilities

INVESTING STRATEGICALLY TO STRENGTHEN OUR PROVINCE

Tourism, Culture and Recreation

Mr. Speaker, no area of economic development is more promising or exciting than the celebration and promotion of our culture. It is through our culture that we can teach our children who they are and who they can become. It is through our culture that we can continue to attract tourists from around the globe to experience what is truly unique and worthwhile about Newfoundland and Labrador.

This year, we are investing in the promotion and development of our culture in ways that will empower our children and liberate our artists to seize new opportunities for growth.

On June 29, 2005, we will open one of the most unique and exciting cultural facilities in Canada. **The Rooms** will house the Archives, Art Gallery, and Museum of Newfoundland and Labrador. They will offer a combination of excellent programs and services, together with effective educational and public outreach programs, to make the institution relevant and meaningful for every child and adult in our province. The $6 million in operational funding that we are providing this year is a tangible example of our government's commitment to securing and celebrating our rich and dynamic culture.

Support for our artists, heritage groups and provincial cultural events helps maintain the creative energies of many of our stakeholders and sustain them as they contribute to the cultural fabric of our province. In order to support cultural industries, we will provide $1.6 million this year for the province's **Cultural Economic Development Program**, a 25% increase over last year. The program provides support for arts and heritage organizations, marketing, professional development, and capacity building. Of this amount, $205,000 will be allocated to support heritage sites and organizations, and $100,000 will be provided for a new Literacy Assistance Program designed to assist writers and publishers with the development and production of indigenous works.

The music industry is one of the fastest growing and strongest components of a vibrant arts sector in the province. In recognition of the need to strengthen and build further capacity within the **Music Industry Association of Newfoundland and Labrador**, our government provided $200,000 last year. To build on the success of 2004, funding of $200,000 will be made available again this year.

Supporting creative people and bringing stability to the conditions under which they work is a key building block of celebrating our identity and fostering creativity. In 2005, the **Newfoundland and Labrador Arts Council**, which is such an important source of support for our province's artists, will celebrate its 25th anniversary. Our government's total contribution to the Arts Council in Budget 2005 is $900,000.

In recognition of the increased potential of the film industry in the province, we will allocate $2.3 million to the **Newfoundland and Labrador Film Development Corporation** to fulfill its mandate to foster and promote the development and growth of the film and video industry in Newfoundland and Labrador.

Budget 2005 also includes an enhanced **Film and Video Industry Tax Credit**, which will allow the province's growing film and video industry to compete effectively with other provinces in Canada.

In recognition of the importance of preserving and promoting the distinctive architecture of our heritage buildings, we are providing $250,000 to the **Heritage Foundation of Newfoundland and Labrador** this year to continue its important work.

To fully capitalize on the boundless tourism opportunities throughout Newfoundland and Labrador, it is vital that we do more to showcase the wide range of sites and events that we have to offer. In our Blueprint, we committed to increase the **tourism marketing budget** by $1 million per year until it is on par with those of our Atlantic counterparts. To keep our promise, we will provide another $1 million this year, on top of the $1 million last year, to bring our province's tourism marketing expenditures to $8 million.

Nowhere are the prospects for growing our tourism industry more promising than in Labrador. Along the Trans-Labrador Highway, along the coast and in the new Torngat Mountains National Park, the opportunities for tourism are phenomenal. **Destination Labrador** is a non-profit organization comprising industry and federal and provincial representatives from all regions of Labrador. The organization is seeking $1.38 million in cost-shared funding over three years to implement a marketing and product development program focused on market readiness. Our province will fulfil its commitment to Destination Labrador by providing $300,000 over the next three years. We know the private sector will rise to the occasion and we encourage the Government of Canada to provide its support for this valuable work.

An important aspect of our culture and a significant generator of tourism activity is our province's legacy of excellence in sport and recreation. Sport Newfoundland and Labrador and the Rugby Union have advanced a proposal involving the cost-shared construction of a new $4.3 million **Provincial Training Centre**. Our government is the first funding partner to confirm its investment in the project. We are prepared to step up to the plate with our share of $1.3 million over the next two years to make this facility a reality. We are confident that Sport Newfoundland and Labrador and the Rugby Union will provide their share, and we are urging the Government of Canada and the City of St. John's to join us in helping Newfoundland and Labrador's athletes reach their full potential in their chosen sports, while contributing to the province's economy through sport tourism.

No community recreation event in Newfoundland and Labrador is more unique or cherished than the tri-annual **Labrador Winter Games**. Organized by the Labrador Winter Games Association and hosted by the Town of Happy Valley-Goose Bay, this event will bring together some 450 athletes and 1,000 volunteers representing communities throughout Labrador in March 2006. Our government recognizes the unique opportunity presented by the games, to mobilize Labrador as a community and to enhance the pride and culture of Labrador. We are providing $500,000 in this budget to enable preparations for this event to proceed.

Business and Innovation, Trade and Rural Development

Mr. Speaker, while culture, tourism and recreation offer golden new opportunities for economic development throughout our province, opportunities in other sectors are equally exciting, and we are preparing to do even more to turn the opportunities into success stories in communities throughout Newfoundland and Labrador.

This province competes for investment and export market share against many other jurisdictions. Our economic future will be determined by our success in reaching, and ultimately exceeding, not just our nearest competitors in the rest of Canada and other North Atlantic countries, but also the emerging economic powers of the Pacific rim.

Our focus is on building a competitive economy driven by private sector firms selling in competitive markets and operating out of all regions of the province. In our Blueprint, we pledged to bring forward policies and programs that would facilitate the growth of businesses throughout Newfoundland and Labrador.

For the past year and a half, we have talked to people, organizations and businesses throughout the province, and asked them for their input as we developed a strategy to address those issues. We heard that access to capital is a problem for businesses. We heard that community-based economic development groups need more tools to carry out their mandates. We heard that economic and social development should be regionally-based. We have taken these comments and ideas and developed them into a comprehensive diversification plan for the province.

To help address gaps in existing commercial business financing, our government is investing an additional $7.9 million on top of the $2.1 million existing Small Business Seed Capital Equity Program allocation in order to establish a new $10 million **Small and Medium Enterprise (SME) Fund**. This new revolving fund will provide loans and equity investments to small and medium-sized businesses. The fund will target strategic growth sectors, such as manufacturing with special emphasis on value-added production, information and advanced technology, secondary processing, aquaculture and tourism.

This year, we are also doubling the budget for the **Business and Market Development Program (BMDP)** from $500,000 to $1 million. The increase provides more assistance to new entrepreneurs and expanding small businesses to pursue new business ideas and new markets, including product development, implementing market strategies and advancing new technologies.

To capitalize on excellent opportunities in the information and advanced technology sectors, we are allocating $1 million this year for the implementation of the provincial **Innovation Strategy**. This strategy is currently being developed in cooperation with the federal government, the Newfoundland and Labrador Association of Technology Industries, major firms in the province, Memorial University, the College of the North Atlantic, regional development agencies and other key stakeholders.

Last fall, we also announced our commitment to increase funding for the **Ireland Business Partnerships** from $100,000 to $300,000 in order to increase efforts to identify, foster and promote trade and partnership opportunities with Ireland in the areas of business, education and culture. Budget 2005 continues that funding commitment.

Our government is determined to ensure that the opportunities are enjoyed, not just by larger centres in our province, but also in rural Newfoundland and Labrador, where the challenges are great but the opportunities are even greater.

Last year, our government established the **Rural Secretariat** to work with local and regional partners in a collaborative effort to build strong and dynamic communities. We recently announced that the new structure will comprise nine regional councils and one provincial council which will act as advisory bodies to government, providing guidance on rural and regional issues in all parts of the province. Each region will have its own Industrial Diversification Strategy based on its particular strengths. The strategies will be further enhanced by advanced education and applied research and development to cultivate appropriate local industries.

To ensure strategies have the support to move forward, we are establishing a $5 million **Regional/Sectorial Diversification Fund.** Building upon prime sector strategies,

current investment programs and enhanced partnerships with federal government, the fund will allow the Department of Innovation, Trade and Rural Development to broker and support investment opportunities linked to provincial industry development priorities as well as diversification strategies in the regions. Our goal is to contribute to long-term sustainable employment and growth of small and medium-sized enterprises in the regions.

Our total provision of new dollars for strategic investment initiatives this year will surpass $23 million. Each dollar we invest helps to lever more dollars from other investors, creating the kind of momentum that businesses need to grow.

Transportation and Works, and Government Services

Mr. Speaker, our government recognizes the strong connection between infrastructure and opportunity. Strategic investment to improve infrastructure is one of the most effective ways our government can stimulate economic growth and contribute to priority social needs.

Throughout our province, there is a tremendous need for road construction and repair. Last year, we raised the value of the **Provincial Roads Program** from $23 million to $30 million. This year, we will again provide $30 million plus $3.7 million that is carried over from the previous year, resulting in a $33.7 million commitment to road construction throughout Newfoundland and Labrador in the coming fiscal year.

We will provide a further $40 million, which includes $16.5 million in carry-over, from the Labrador Transportation Initiative Fund to continue work on **Phase III of the Trans-Labrador Highway** network, plus another $750,000 to build a highway depot between Red Bay and Lodge Bay.

Total expenditures under the **Strategic Highways Infrastructure Program**, and other federal-provincial programs, are estimated at $31.6 million.

This brings the total expenditure for road work this year to $105 million.

Newfoundland and Labrador's "highway" network is not entirely land-based. Because of our geography, we do a great deal of our traveling and transporting by sea. As part of our commitment to maintain our marine infrastructure, we are providing $1 million in new funding for capital improvements to the province's **ferry terminals**. This funding will enable us to provide quality service to ferry users throughout the province while ensuring our terminals will be taken care of over the long-term.

Our government has expressed serious concerns about the past practice of purchasing vessels that are not fit for service on provincial ferry routes. Our government committed that we would implement a new **Vessel Replacement Strategy** to ensure we purchase or construct vessels that are seaworthy and cost-effective. The $500,000 we provide this year will enable us to proceed with planning of this important new strategy.

Our total investment of new money in our ferry system this year will be $8.1 million.

Public infrastructure also includes a variety of buildings throughout the province. Government is currently spending approximately $400,000 annually to maintain buildings that are surplus to its needs. Before these buildings can be sold, reused or demolished, it is necessary that we perform environmental assessments and, in some cases, remediation. We will provide $5.4 million this year to facilitate the **environmental remediation and demolition of four abandoned buildings**.

Mr. Speaker, to follow through on our Blueprint commitment last year to create a **Lobbyists Registry**, we are investing $250,000 to allow the Government Services department to move forward with our commitment to a publicly-accessible, computerized registry to track lobbyists.

This year, through our Government Services department, we are also providing a capital investment of $844,000 to move forward with phase four of the **Companies and Deeds Online (CADO) system**. Once phase four is complete in November 2005, consumers will be able to search property deeds online back to the 1980s, enabling searchers to spend less time at the registry, thereby improving efficiency and reducing the costs charged back to clients.

Municipal and Provincial Affairs

Mr. Speaker, infrastructure is vital not only for transportation and public works, but also for municipal development. The funding of municipal infrastructure is a partnership involving our towns and cities. Municipal leaders have told us that the earlier they can get the information on municipal capital works funding, the better they can plan. In fact, the Newfoundland and Labrador Federation of Municipalities along with engineering and construction firms told us that early announcements would enable them to achieve more favourable tender prices, thereby extending the spending power of the public dollar. That is why our government announced the **Municipal Capital Works Program**, the **Multi-Year Capital Works Program** and the **Canada/Newfoundland and Labrador Infrastructure Program** four months ago on November 26, 2004. The province's share of $46.5 million brings the total value of this year's capital works initiatives to $83 million.

We are also busy negotiating two federal infrastructure agreements: namely, the Municipal Rural Infrastructure Fund and the rebate of the federal gas tax. The **Municipal Rural Infrastructure Fund** is expected to cost-share infrastructure projects valued at $84 million over five years, while the **federal gas tax rebate** will invest a total of $82.3 million in municipal environmentally-sustainable infrastructure over five years.

Natural Resources

Mr. Speaker, Newfoundland and Labrador has sufficient natural resources in its inventory to warrant the increasing attention we are getting from around the world. These resources include oil, gas, minerals, hydro, trees, crops, livestock, fish, wildlife and a host of others. Our government is determined to act strategically to ensure that the people of Newfoundland and Labrador are the principal beneficiaries of our natural resource developments.

We are allocating $900,000 to assist the government to position our energy sector to provide for long-term benefits for Newfoundland and Labrador. A portion of this funding, $350,000, will be used to support the development of a comprehensive

Energy Plan that will incorporate the views of citizens and industry stakeholders. It will serve as a policy and resource management framework that will help us to plan in advance to meet energy demands for both domestic use and economic development.

In the agriculture sector, our government is prepared to build on its commitment to invest strategically and build capacity for sustained growth. In addition to $10.1 million that Ottawa and the province will provide this year to continue the **Agricultural Policy Framework**, our government will invest an extra $4 million to support new agricultural initiatives and expand existing programs.

With this funding, we will provide $3.5 million this year as part of a five-year agriculture development program primarily directed to **farmland consolidation and long-term development** throughout the province. This represents the largest single investment in agriculture-related activities in our province's history and it represents our new approach to long-term planning.

In the forestry sector, we will enhance the industry's long-term sustainability by investing in the growth of new trees. We are providing $7.3 million to support various **silviculture** initiatives in the province, including our tree nurseries at Wooddale and Happy Valley-Goose Bay. The funding will also sustain research and development initiatives dedicated to improving our reforestation efforts.

To improve access to tree stands, we will continue to provide $3.5 million for **forest resource road construction**. This funding will allow for construction of forest access roads in difficult-to-access areas and partition wood stands near the communities of Roddickton, Main Brook, Point Leamington, Gambo, Gander Bay South and Fox Island River. In addition, it will also provide for resource road construction along the South Coast of Labrador near the communities of Port Hope Simpson, Charlottetown and Cartwright. The economic benefits provided by resource road construction are significant and very welcome in these rural areas of our province.

It is not enough to harvest our trees; we must also ensure we capitalize fully on the opportunities for **value-added wood manufacturing**. Building on our successes in

promoting value-added hardwood manufacturing, we will provide $300,000 to support measures to increase product diversification in the industry.

Last year, we stepped in to fund an **Inland Fisheries Enforcement Program** to curb poaching because, in our view, the federal government is not adequately living up to its responsibility to provide for enforcement. We are increasing our allocation for this program from $360,000 last year to $800,000 this year to provide additional tools and human resources to protect our Atlantic salmon stocks and other fish species from poaching.

To improve the effectiveness of fisheries development, we will move this year to reorganize the Department of Fisheries and Aquaculture in order to coordinate resource, processing and market development activities under a new **Seafood Development and Diversification Division**. In order to address the important and complicated international trade issues facing the fishing and aquaculture sectors, the department will increase its trade expertise.

Environment and Conservation

Mr. Speaker, promoting sustainable development not only secures our renewable resources for future generations to enjoy, but it generates economic activity of its own.

This year, our government will make a substantial investment in environmental conservation research by establishing at Sir Wilfred Grenfell College a new **Institute for Biodiversity and Ecosystem Science**. This year, the Institute will become fully operational with two permanent staff and an annual budget allocation of $300,000. By supporting graduate student research, the Institute will facilitate partnerships with the academic community and promote provincial government priorities in natural resource conservation and sustainable use. The Institute will also serve as the coordinating body for students in Corner Brook and at other affiliated institutions nationally.

In moving forward with our Blueprint commitment to create the **Centre of Environmental Excellence** in Corner Brook, our government has allocated $500,000

in Budget 2005 for a master plan and feasibility studies. Working with Memorial University's Sir Wilfred Grenfell College and the Corner Brook campus of the College of the North Atlantic, our government will build on the significant environmental industry activity underway in the western region of the province to create the centre and anchor Newfoundland and Labrador as an international leader in applied environmental research and development.

We are also ready to begin implementing a long-term **Reinvestment Strategy for the Provincial Parks System**. With the provision of $250,000 this year, we will upgrade La Manche Provincial Park by installing a comfort station and related facilities that make the park a more attractive destination for recreation enthusiasts.

INVESTING IN OUR SOCIAL RESPONSIBILITIES

Health and Community Services

Mr. Speaker, by seizing the opportunities for economic development, we will generate additional revenue in our province to sustain our valuable social programs, such as health care, over the long term. No area of expenditure is larger or more important in this year's budget than health and community services.

Last year, our government consolidated the province's fourteen health and community services boards into four **Regional Integrated Health Authorities**. Boards will be expected to balance their budgets in 2005-06. While health boards have made some progress, the collective accumulated operating cash shortfalls remain high, totaling about $125 million by the end of 2004-05. Maintaining a high debt load over the long term jeopardizes our ability to sustain health services and limits our ability to expand current service levels. In this transitional year, our government will invest $20 million to stabilize the system, allowing the health authorities to balance fiscal responsibility with the need to provide quality, health services.

In September of last year, our Premier and his fellow First Ministers negotiated a ten-year commitment, under the **First Ministers' Health Accord**, to increase federal health funding to the provinces and territories in order to reduce wait times and improve access to services. As stated in our Blueprint, shorter wait times will better enable people to access quality health care they need when they need it.

This year, our government will be making several significant investments in **new and upgraded medical equipment**.

- We will provide $2.6 million toward a second **MRI** in St. John's, delivering 2,500 new exams a year and reducing wait times by four months.

- We will provide $2 million toward replacing two existing CT Scanners with new **multi-slice CT Scanners** at the Health Sciences Centre and St. Clare's Hospital, delivering 4,000 more exams a year and shortening wait times to two weeks.

- We will provide $1.3 million for new **ultrasound equipment** in Corner Brook, St. John's and Labrador City, and replacement equipment at Carbonear, thereby delivering 16,000 more exams a year. Further, we will provide a new ultrasound cardiac package at Captain William Jackman Hospital.

- We will also provide a total of $6.2 million for four nuclear medicine gamma cameras in St. John's and Corner Brook; four new mammography units in St. John's, Gander and Grand Falls-Windsor; a new endoscopy unit in Corner Brook and an enhanced unit in Gander; along with new laparoscopic equipment in Corner Brook.

Our government will also invest in **expanded medical services**.

- We will provide $1.2 million to increase **cardiac surgeries** by 184 cases annually and improve access to echocardiograms, delivering 900 more exams each year.

- We will provide $3.5 million to increase **surgical capacity for cancer patients**, resulting in 740 additional surgeries a year and a 30% reduction in wait times.

- We will provide $2.6 million to increase surgical capacity for **joint replacement** at the St. John's hospitals, resulting in an additional 340 surgeries each year for hip, knee and joint replacements.

- We will also provide a total of $1.3 million to support dialysis services in Gander and Carbonear; Visudyne, a new photo-dynamic therapy for macular degeneration; extended mammography and endoscopy services at Grand Falls-Windsor; enhanced cardio perfusion tests and bone scans at Gander; and extended access to chemotherapy and radiation at the Newfoundland Cancer Treatment and Research Foundation Centre in St. John's.

More than 100,000 residents annually benefit from the **Newfoundland and Labrador Prescription Drug Program**. We do not want to deny beneficiaries of this program access to new, emerging treatments because the costs are beyond their means. This year, we are providing a further $7 million, adding 25 new drugs to treat people with arthritis, cancer, cardiac and lung disease and diabetes, among other illnesses. We have added drugs like Remicade and Enbrel, used to aid and control rheumatoid arthritis as well as Crohn's disease. Another is Plavix, an important cardiac medication. This list was developed and prioritized by health care professionals. This represents a total investment in medications of $114 million.

Our government will keep a Blueprint commitment by investing in **health technology**, including the Picture Archiving Communications System (PACS), the Pharmacy Network and the launch of Selfcare-Telecare to improve access to services, particularly residents living in rural and remote areas. PACS is a computer system that allows diagnostic images to be digitally captured, viewed, stored and transmitted across the province. It replaces conventional X-ray film and greatly improves access to patient information by enabling referring clinicians to review patient images on computers anywhere in the province.

In this budget, we make provision to upgrade and build **long-term care facilities** as well as support personal and community care homes across the province. We will provide $2.7 million toward a new Corner Brook long-term care home to proceed with detailed design and initial site work. We will provide $1.4 million toward a new long-term care home in Clarenville to begin detailed design and site work. And we will provide $200,000 to begin planning and develop conceptual drawings for a new long-term care home in Happy Valley-Goose Bay.

Our government recognizes that **home support services** are an important part of the continuum of care. Currently, more than 3,500 individuals throughout our province are in receipt of home support services. Effective April 1, 2005, we will provide funding of $5 million to increase the home support rate so that employers of home support workers, including both agencies and self-managed home-support clients, can provide a 50-cent-an-hour wage increase to their workers in recognition of the valuable contribution they make.

Personal care and community care home operators make an invaluable contribution to the long-term care continuum looking after the needs of our seniors and our most vulnerable members of society. In recognition of their role, we will review the rate structure in the coming months.

Last year, our government began to act on recommendations of the inquiry into the deaths of Norman Reid of Little Catalina and Darryl Power of Corner Brook. To build on last year's $1-million commitment, we will invest an additional $1 million this year for **Primary Mental Health Services**.

The impact of addictions on individuals and their families can be devastating. I am pleased today to provide an investment of $1 million to **assist those who are suffering from the misuse of prescription drugs.** The initiatives the government is outlining today are consistent with the advice of the OxyContin Task Force.

In addition to substance abuse, **gambling addiction** is a major concern of our government. Accordingly, in cooperation with the VLT operators and the Atlantic Lottery

Corporation, I am announcing additional investments totaling $740,000 to improve gambling addiction services and awareness. Further, our government is acting to freeze the number of VLT units in our province immediately and to reduce the number by 15% over a five-year period. At the end of this period, no location will be permitted to have more than five VLTs. To assist our bar and club owners, we will phase out, over the next four years, the levy that we apply to liquor purchases for these operations. We are demonstrating that we are willing to work cooperatively with employers to help sustain their enterprises.

Medical travel is particularly expensive for residents of Labrador. In that light and in keeping with our Blueprint commitment, we will provide for the Labrador Medical Travel Assistance program to subsidize Labrador West residents who use commercial airlines to access CT scans and laparoscopic procedures in Happy Valley-Goose Bay. The program will pay 100% of a resident's air travel costs in excess of $40. Under a second measure, the province will pay the first $500 of travel expenses per resident annually on eligible medical travel claims, while all remaining reimbursable expenses will be cost-shared 50-50. This measure will benefit approximately 500 Labrador residents.

Human Resources, Labour and Employment

Mr. Speaker, health challenges are not the only barriers to opportunity that many Newfoundlanders and Labradorians face. Poverty is another barrier that we have an obligation to address. We must find imaginative and effective ways to lift people from poverty so they can pursue their goals under their own steam.

The Department of Human Resources, Labour and Employment will support our government's goal to reduce poverty in Newfoundland and Labrador by leading the development of a **Strategic Poverty Reduction Plan**. The department will take a comprehensive, integrated approach that will address the connections between poverty and gender, education, housing, employment, health, social and financial supports, and tax measures, as well as the link between women's poverty and their increased vulnerability to violence.

Our government took action last year to invest in several measures to improve the situation of many of our poorest and most vulnerable citizens. We announced a Low Income Tax Reduction which will be implemented starting in the 2005 tax year. This year, we will build on those initiatives with specific measures to combat poverty. For example, last year we invested in indexing the **Newfoundland and Labrador Child Benefit** for low-income families. This year, we will increase the first-child benefit rate to further improve the situation of low-income families with children.

We will also increase **income support benefits for couples without children and single individuals**. Not only have these clients not received an increase in benefits in four years, but they have not been helped by recent increases in benefits for families with children. In that light, we will provide families without children and single income support clients with a 2% increase in their income support benefit rates, incrementally over the coming year: 1% on July 1, 2005 and another 1% on January 1, 2006. This will cost an incremental $1 million in 2005-06 and $1.8 million annually.

This year, we will introduce a second **Supported Employment Pilot Program for Single Parents**, and in a region outside the St. John's area. The initial pilot program has enabled single parents receiving income support to achieve increased financial independence by helping them prepare for, obtain and maintain employment.

Our government is deeply concerned that many of our province's **young people** are resorting to the income support system. We want to help our young people find new ways to stand on their own feet and feel the pride that accompanies self-reliance. To that end, we will focus our efforts to ensure we are able to offer young people better alternatives.

Again this year, we are providing $6.2 million to the **Student Investment and Opportunities Corporation** for youth employment and career initiatives. These programs play an important role in helping reduce student debt, offering career development initiatives and supporting our government's commitment to reduce poverty.

As promised in our Blueprint, we will enable more income support clients, our young people in particular, to participate in employment planning and benefit from an aggressive approach to **job recruitment and placement**. Beginning with an extra $500,000 this year, we will commit a total of $2 million in new funding for this initiative over the three years ahead. In this way, we will increase the number of income support clients who can access these employment services from 4,200 in the past year to 5,800 in the year to come. By helping clients to find jobs, we will reduce reliance on the income support program.

A primary reason that some young people end up on income support is that they drop out of school and find their range of job prospects very limited as a consequence. To encourage young people to complete their high school education, we are undertaking a creative initiative. Currently, all low-income families lose both the Canada Child Tax Benefit and the Newfoundland and Labrador Child Benefit when a child turns 18. Beginning in September 2005, we will establish a **Stay-in-School Incentive Allowance** to offset the loss of child benefits for families receiving income support and to encourage youth to complete high school.

Children cannot learn properly when they are distracted by hunger. We will provide $250,000 to the **Kids Eat Smart Foundation** this year to enable them to continue the important work they do to feed our school children. With a surplus remaining from last year, they are well positioned to meet the needs of a considerable number of students; and we are prepared to revisit this initiative next year.

We will also adjust income support policies in ways that will help people ease themselves off income support more gradually. Currently, income support clients who work can earn up to $75 per month for singles and $150 per month for families without having their income support benefits affected. Earnings beyond this level are deducted from clients' income support entitlement, which discourages clients from seeking more hours of work and additional earnings. Under new measures to support **working recipients of income support**, we will allow clients to keep 10% of earnings beyond the current cutoff.

Persons with disabilities often face greater obstacles to opportunity. We want to help these individuals capture opportunities for employment and self-reliance. To that end, we are providing an additional $411,000 this year under the **Labour Market Development Agreement for Persons with Disabilities** to help these individuals enter the work force and maintain employment.

Women's Policy

Mr. Speaker, some women in our province face difficult social and economic circumstances. To support services for these women, our government will increase funding to eight **Women's Centres**, where a fountain of practical help and moral support is available. This represents a 30% increase from 2003-04.

As promised in our Blueprint, our government is also committed to **respecting women's perspective and rights** in formulating public policies and practices by developing a plan of action to address women's issues.

I would also like to say that addressing Aboriginal women's issues will be a key priority for our government over the next twelve months. There will be funding to provide for an **Aboriginal women's conference** to advance their recommendations about the social and economic needs of this population group.

We will also continue our commitment to violence prevention through a new **violence prevention program** with new management and leadership; new funding to fight violence against Aboriginal women in Labrador; and new funding for a much-needed women's shelter in Hopedale.

Justice

Mr. Speaker, the justice system is one of our society's most important institutions. Like other public institutions, it faces challenges. This year, our government will make strategic and sustainable investments to enhance justice services with improvements in technology, infrastructure planning, and security. We will build on the measures we

commenced last year to enhance policing services and strengthen our justice system.

To better protect the public, we are providing additional funding this year to create and support four additional **RCMP positions**.

We will also be allocating $183,000 this year to support the **National Sex Offender Registry** by providing designated resources to administer and investigate noncompliant offenders in our province. This initiative will add one officer to the Royal Newfoundland Constabulary and one officer, along with a public service employee, to the RCMP.

We will expand the **Court Security Program** to include the Supreme and Provincial Courts in Corner Brook and the Provincial Court in Stephenville, at a cost this year of $183,000.

We will also provide $400,000 to plan and design a new combined **Supreme and Provincial Court facility in Corner Brook**.

In addition, we will provide seven **new Supreme and Provincial Court support positions** to improve transcript production and reduce workload pressures for existing staff.

Our government is working diligently to enhance the responsiveness of the justice system to the particular needs of Aboriginal people. This year, we will increase the grant to Labrador Legal Services for the **Native Court Worker Program**, which will benefit Aboriginal people who need justice services.

We will create a **Victim Services program for children**, which will strengthen justice services for victims and witnesses under the age of 16 who testify in criminal proceedings. This program will be self-sustaining through the implementation of a 15% Victim Fines Surcharge on various provincial offences. This budget will provide $255,000 to support implementation. This initiative is long overdue, and will strengthen the role of child victims in the criminal justice system.

Education

Mr. Speaker, in many respects, this year's budgetary program is about our children and youth. We are investing in measures to curb poverty and advance wellness in order to better prepare our children to grow to reach their potential. We are investing in infrastructure, economic growth and sustainable development to create the economic conditions that will enable our children to stay here and prosper here. And we are investing in our education system to ensure our young people are ready to seize the opportunities and build a future for themselves that is worthy of the legacy we have all inherited from those who made Newfoundland and Labrador what it is.

We will invest a total of $26 million this year to finance **school construction** and to cover urgent repairs and maintenance. Specific initiatives this year will commence the redevelopment of Herdman Collegiate in Corner Brook and a Grade 7-12 school in the Mobile area. In order to address major issues with aging infrastructure, we will provide $12 million plus $4 million carried over from the previous year, for a total of $16 million.

We believe it is time for the government to undertake a comprehensive **review of school facilities** and develop a long-term plan to address educational infrastructure needs. This year, we are committing $250,000 to undertake this review; and when we have the results in hand, we will be in a much better position to tackle the challenges with a long-term facilities plan.

No less important than our school buildings are the buses that bring many of our children to and from school. To promote greater **school bus safety**, we will invest $3 million in school transportation: $2 million to gradually reduce the maximum age of our buses from fourteen years to ten, and $1 million to address maintenance and bus driver training issues. This means 53 brand new school buses for our children.

In our Blueprint, we pledged to **reduce class sizes** one grade level at a time. Our commitment was grounded in the recommendations of the Sparkes-Williams report on Educational Delivery in the Classroom. This year, we will reinvest $1.8 million to return 52 teaching units to the education system in order to reduce primary class sizes. On an

annualized basis, this represents a reinvestment of $3.1 million in our education system. Currently, 92% of K-1 classes have twenty-five students or fewer. This reinvestment will provide learning resources to enable school boards to further reduce class sizes in our primary grades.

In our province's schools, no area of curriculum is more important or more exciting to our government this year than our new **Fine Arts and Culture Strategy for Schools, called "Cultural Connections"**. In keeping with our Blueprint commitment, we will provide approximately $3 million a year for each of the next three years to implement a comprehensive, sustainable fine arts and culture strategy in our schools. Components of this strategy include an additional twenty-three teaching units to support enhanced music programs; new enrichment opportunities, including an Artists in Schools Program, new musical equipment, support for arts festivals and the promotion of our students' artistic activities; funding for new curriculum materials incorporating more local resources; and funding for teacher professional development initiatives to support this strategy.

As a result of our strategy to reduce class sizes and enhance the range of learning opportunities in the fine arts, we will be reinvesting on an annualized basis an additional $4.5 million to redeploy a total of **75 teaching units** that otherwise would have been lost under the new teacher allocation formula.

We are also providing an extra $2.5 million in fiscal year 2004-05 over and above the $4 million base budget to support the purchase of **new learning resources** to ensure the province's curriculum remains current. The funding will enable the Department of Education to revise the outdated social studies curriculum, fast-track the implementation of new science curriculum, complete implementation of the new mathematics curriculum, and provide Technology Education modules at Grades 8 and 9.

In concert with our Aboriginal Children's Agenda, we will invest $500,000 this year to begin the process of addressing issues identified in a federally-commissioned report on **Innu education**, commonly known as the Philpott report.

We are also determined to foster in our schools an attitude of health and wellness that we hope our young people will carry with them throughout their lives. To this end and in keeping with our Blueprint commitment, we are providing $1 million for the purchase of **physical education equipment** for schools. This allocation will support the new, mandatory physical education curriculum at Grades 10 to 12; but it will also substantially benefit many students in the lower grades as well.

Our investment in education must not and will not end at high school. More and more, our young people require a post-secondary education to find jobs and ground solid careers. Last year, our government announced a **White Paper on Public Post-secondary Education**. With work on the White Paper about to conclude, we are notionally allocating $14.7 million this year to implement its recommendations. We are expecting to release the White Paper this spring.

To ensure our public post-secondary institutions are affordable and accessible to our young people, we will provide the necessary funding for Memorial University and the College of the North Atlantic to extend the **tuition fee freeze** at these institutions. This freeze means tuition fees in this province will remain the lowest in the country and 40% lower than the national average.

Our government last year invested $5 million for **research and development** initiatives at Memorial University and the College of the North Atlantic, funding that they will use this year and in future years to access federal and private sector research and development funding. For every dollar invested by the province in these initiatives, we bring an additional four to five dollars to our province.

Finally, we will provide $230,000 to continue funding previously provided by the federal government for its share of the **Adult Basic Education Level I pilot program**. This funding is in addition to the $300,000 currently allocated to support adult literacy programs. We want to ensure more of our people have the tools they need to rise to the level of their potential.

CONCLUSION

Mr. Speaker, let me conclude by saying how proud I was on February 14 of this year when Premier Williams brought home the Atlantic Accord 2005. It was a privilege for me to sign the document on behalf of the government and people of Newfoundland and Labrador. What made me proud was not the money. It was the fact that we had achieved what the naysayers said was beyond our grasp. They said it would never happen, and they were wrong. And there is one reason, and one reason alone, why they were wrong, and that is because our Premier stood by his principles, with the people of our province standing steadfastly beside him, and we refused to back down.

Newfoundland and Labrador has had more than its fair share of naysayers; and when you are steeped in pessimism for so long, it is sometimes easy to lose perspective and hope. When communities decline and young families move away, it is all too easy to give in to the fear that decline is our destiny.

But our government believes our destiny is what we make it. Our future is in no one's hands but our own. And with the same deep-rooted pride and unshakable confidence that won us a fair deal on offshore revenues, we are taking charge of our future and beginning to shape our destiny to our own design.

With this year's budget plan, we have laid the foundation for the kind of investment and growth that will give businesses and families the opportunity to survive here and thrive here for generations to come. We have improved our fiscal situation, invested wisely and are on a path toward balanced budgets. Everything we are doing this year builds on the important gains we made last year and puts us on course for a future of self-reliance and opportunity for all. Every strategic investment we make in sectors and regions throughout Newfoundland and Labrador will open up new avenues of opportunity for those who are ready to rise to the challenge.

And we will ensure that our people are ready and motivated to seize the opportunities before us. By investing in our culture as never before, we will nurture in our people, young and old alike, the pride, hope and self-confidence that will never give up on our

dream. With renewed faith in ourselves and new tools for success in our hands, we will tackle new challenges and create new opportunities that will usher in a brighter future for our province. And we will do so together, united and indivisible in our goal to build a future of pride, promise and prosperity for Newfoundland and Labrador.

BUDGET
2005

Page

STATEMENTS:

I Summary of Borrowing Requirements . . . ii

II Reconciliation of Borrowing Requirements - Budgetary to Consolidated Accrual Budget . . . iii

III Consolidated Accrual Revenue and Expenditure . . . iv

IV Consolidated Change in Net Debt and Accumulated Deficit . . . v

V Comparative Summary of Current and Related Revenues . . . vi

VI Summary of Current and Capital Account Expenditures . . . vii

VII Summary of Current Account Expenditures . . . viii

VIII Summary of Capital Account Expenditures . . . ix

IX Summary of Related Revenues and Expenditures by Main Object and Sector . . . x

EXHIBITS:

I Selected Economic Statistics 2001 to 2004 . . . xi

II Estimated Provincial and Federal Revenues 2005-06 and 2004-05 Revised . . . xii

III Current and Capital Revenues Provincial and Federal Sources 2001-02 to 2005-06 . . . xiii

IV Expenditure Summary 2005-06 Estimated and 2004-05 Revised . . . xiv

V Public Sector Debt 2001 to 2005 . . . xv

VI Summary and Chart - "Where the Money Comes From" . . . xvi

VII Summary and Chart - "Where the Money Goes" . . . xvii

VIII Summary and Chart - Gross Capital Account Expenditures . . . xviii

IX Summary and Chart - Gross Government Expenditures . . . xix

X Summary of Budgetary Financing Sources . . . xx

XI Summary of Salary Costs by Department . . . xxi

XII Estimated Interest and Debt Retirement 2005-06 . . . xxii

XIII Details of Capital Expenditures . . . xxiv

XIV Details of Tangible Capital Asset Acquisitions . . . xxvi

XV Newfoundland and Labrador Estimate of 2005 Tax Expenditures . . . xxviii

STATEMENT I

NEWFOUNDLAND AND LABRADOR

SUMMARY OF BORROWING REQUIREMENTS

2005-06 and 2004-05 Revised

	2005-06 Estimates		2004-05 Revised	
	($000)	($000)	($000)	($000)
BUDGETARY REQUIREMENTS				
Current Account:				
Gross Expenditure	4,243,424		4,056,551	
Related Revenues	293,147		232,851	
Net Expenditure	3,950,277		3,823,700	
Provincial and Federal Revenues	4,092,245		4,061,345	
Financial Contribution		(141,968)		(237,645)
Capital Account:				
Gross Expenditure	296,460		247,602	
Related Revenues	92,443		31,216	
Net Expenditure		204,017		216,386
TOTAL BUDGETARY REQUIREMENTS (CONTRIBUTION)		62,049		(21,259)
BORROWING REQUIREMENTS - OTHER ENTITIES				
Newfoundland and Labrador Municipal Financing Corporation	-		30,000	
Newfoundland and Labrador Student Loan Corporation	-		5,000	
TOTAL BORROWING REQUIREMENTS - OTHER ENTITIES		-		35,000
TOTAL BORROWING REQUIREMENTS - BUDGETARY		62,049		13,741
NON-BUDGETARY TRANSACTIONS				
Debt Retirement:				
Redemptions (See Exhibit XII)	100,000		198,895	
Contributions to Sinking Funds (See Exhibit XII)	45,231		42,174	
Retirement of Pension Liabilities	156,000		156,000	
TOTAL NON-BUDGETARY TRANSACTIONS		301,231		397,069
TOTAL BORROWING REQUIREMENTS		363,280		410,810

STATEMENT II

NEWFOUNDLAND AND LABRADOR
RECONCILIATION OF BORROWING REQUIREMENTS - BUDGETARY
TO CONSOLIDATED ACCRUAL BUDGET
2005-06 and 2004-05 Revised

	2005-06 Estimates	2004-05 Revised
	($000)	($000)
Borrowing Requirements - Budgetary (per Statement I)	62,049	13,741
Tangible Capital Asset Adjustments (CRF):		
Acquisition of Tangible Capital Assets During the Year	(124,187)	(41,343)
Depreciation - Acquisition of Tangible Capital Assets During the Year	3,020	1,034
Depreciation - Unamortized Beginning Balance of Tangible Capital Assets	78,984	80,379
	(42,183)	40,070
Other Accrual Adjustments:		
Interest and Current Service Cost of Pensions and Other Retirement Benefits	445,953	425,785
Sinking Fund Earnings, Net of Cash Received	(49,000)	(38,716)
Amortization of Foreign Exchange Gains	(5,835)	(1,752)
Other Accrued Revenues and Expenses, Net of Cash Receipts and Payments	(43,768)	73,149
Consolidated Revenue Fund Accrual Deficit	367,216	512,277
Other Entities	92,702	(67,856)
Tangible Capital Asset Adjustments (Other Entities):		
Acquisition of Tangible Capital Assets During the Year	(39,630)	(41,690)
Depreciation - Acquisition of Tangible Capital Assets During the Year	989	1,042
Depreciation - Unamortized Beginning Balance of Tangible Capital Assets	71,187	69,041
	32,546	28,393
Consolidated Accrual Deficit (see Statement III)	492,464	472,814

STATEMENT III

NEWFOUNDLAND AND LABRADOR

CONSOLIDATED ACCRUAL REVENUE AND EXPENDITURE

2005-06 and 2004-05 Revised

	2005-06 Estimates ($000)	2004-05 Revised ($000)
REVENUE		
Provincial		
Taxation	2,207,238	2,128,121
Investment	232,305	215,906
Fees and Fines	170,613	195,111
Other	305,886	329,636
	2,916,042	2,868,774
Government of Canada	1,748,358	1,666,241
TOTAL REVENUE	4,664,400	4,535,015
EXPENDITURE		
General Government Sector	1,504,574	1,438,027
Resource Sector	194,050	175,267
Social Sector	3,632,643	3,561,422
TOTAL EXPENDITURE	5,331,267	5,174,716
NET INCOME OF GOVERNMENT BUSINESS ENTERPRISES	174,403	166,887
CONSOLIDATED ACCRUAL DEFICIT (see Note 2)	492,464	472,814

Notes:

1. This Statement reflects the estimated financial activity of the Consolidated Revenue Fund and those entities, as approved by Treasury Board, which are controlled by Government. It is prepared using the applicable policies described in Note 1 (Summary of Significant Accounting Policies) of Volume I of the 2003-2004 Public Accounts.

2. Refer to Statement II for a reconciliation of the Borrowing Requirements - Budgetary per Statement I to the Consolidated Accrual Deficit per above.

STATEMENT IV

NEWFOUNDLAND AND LABRADOR

CONSOLIDATED CHANGE IN NET DEBT AND ACCUMULATED DEFICIT

2005-06 and 2004-05 Revised

	2005-06 Estimates ($000)	2004-05 Revised ($000)
NET DEBT:		
NET DEBT - beginning of period	11,881,840	11,477,489
Deficit for the period	492,464	472,814
Changes in tangible capital assets:		
Acquisition of tangible capital assets	163,817	83,033
Amortization of tangible capital assets	(154,180)	(151,496)
Increase (Decrease) in net book value of tangible capital assets	9,637	(68,463)
Increase (Decrease) in net debt	502,101	404,351
NET DEBT - end of period	12,383,941	11,881,840
ACCUMULATED DEFICIT:		
ACCUMULATED DEFICIT - beginning of period	9,774,164	9,301,350
Deficit for the period	492,464	472,814
ACCUMULATED DEFICIT - end of period	10,266,628	9,774,164

STATEMENT V

COMPARATIVE SUMMARY OF CURRENT AND RELATED REVENUES

2005-06 and 2004-05 Revised

	2005-06 Estimates ($000)	2004-05 Revised ($000)
PROVINCIAL:		
Taxation:		
Personal Income Tax	779,770	766,446
Sales Tax	614,440	635,804
Gasoline Tax	145,700	142,000
Payroll Tax	92,000	90,700
Tobacco Tax	112,400	102,800
Corporate Income Tax	175,990	170,000
Offshore Royalties	215,370	234,420
Mining Taxes and Royalties	20,940	14,425
Other	47,120	46,700
	2,203,730	2,203,295
General Revenues:		
Newfoundland Liquor Corporation	99,000	105,370
Lottery Revenues	114,500	117,000
Vehicle and Driver Licences	69,497	68,627
Registry of Deeds, Companies and Securities	23,151	22,406
Fines, Fees and Forfeitures	9,280	9,305
Other	34,859	55,474
	350,287	378,182
Expenditure Programs - Related Revenues:		
Recoveries - Sinking Fund Surpluses	-	4,084
Interest Income	45,291	5,012
Other	165,314	146,622
	210,605	155,718
TOTAL: PROVINCIAL REVENUES	2,764,622	2,737,195
GOVERNMENT OF CANADA:		
Fiscal Transfer Payments:		
Equalization	860,959	790,613
Atlantic Accord	-	129,342
Arrangement on Offshore Revenues	188,700	133,600
Health Transfers	346,472	289,575
Social Transfers	140,389	135,030
Statutory Subsidies	1,708	1,708
	1,538,228	1,479,868
Cost-Shared Programs:		
Resource	6,722	6,325
Offshore Fund	657	1,169
Human Resources Development	24,000	23,000
Native Peoples	7,605	7,774
Other	43,558	38,865
	82,542	77,133
TOTAL: GOVERNMENT OF CANADA REVENUES	1,620,770	1,557,001
TOTAL: CURRENT AND RELATED REVENUES	4,385,392	4,294,196

STATEMENT VI

SUMMARY OF CURRENT AND CAPITAL ACCOUNT EXPENDITURES

2005-06 and 2004-05 Revised

	2005-06			2004-05
	Gross Expenditure	Related Revenue	Net Expenditure	Revised (Net)
	$	$	$	$
General Government Sector				
Consolidated Fund Services	581,110,800	60,321,000	520,789,800	536,931,100
Executive Council	42,660,000	2,653,500	40,006,500	29,809,800
Finance	65,602,300	58,491,700	7,110,600	1,118,200
Government Services	34,647,600	11,006,400	23,641,200	21,035,500
Labrador and Aboriginal Affairs	8,311,000	4,683,400	3,627,600	2,792,500
Legislature	15,416,400	165,800	15,250,600	14,777,800
Public Service Commission	2,732,900	-	2,732,900	2,270,000
Transportation and Works	306,825,300	90,971,200	215,854,100	185,436,400
Resource Sector				
Business	1,431,500	-	1,431,500	277,800
Environment and Conservation	25,041,100	5,960,600	19,080,500	17,248,600
Fisheries and Aquaculture	10,325,600	2,209,400	8,116,200	6,980,700
Innovation, Trade and Rural Development	43,563,300	2,176,500	41,386,800	21,954,700
Natural Resources	77,843,300	12,231,300	65,612,000	57,396,700
Tourism, Culture and Recreation	38,762,000	2,481,200	36,280,800	73,151,300
Social Sector				
Education	904,345,200	31,753,400	872,591,800	928,962,200
Health and Community Services	1,788,948,100	34,588,900	1,754,359,200	1,641,418,900
Human Resources, Labour and Employment	276,838,100	18,115,100	258,723,000	261,356,700
Justice	145,334,700	11,643,500	133,691,200	134,286,900
Municipal and Provincial Affairs	160,494,700	36,137,200	124,357,500	92,970,200
Newfoundland and Labrador Housing Corporation	9,650,000	-	9,650,000	9,910,000
TOTAL	4,539,883,900	385,590,100	4,154,293,800	4,040,086,000

AMOUNT TO BE VOTED 2005-06

Gross Current and Capital Expenditure		4,539,883,900
Less: Expenditures Approved by Statute		
Interest	501,240,400	
Pensions and Gratuities	56,700,100	
Debt Management Expenses	5,115,600	
Issues under Guarantee	100,000	
Salaries (Auditor General and Comptroller General)	220,300	563,376,400
Amount to be Voted by Supply Bill		3,976,507,500

STATEMENT VII

SUMMARY OF CURRENT ACCOUNT EXPENDITURES

2005-06 and 2004-05 Revised

	2005-06			2004-05
	Gross Expenditure	Related Revenue	Net Expenditure	Revised (Net)
	($000)	($000)	($000)	($000)
General Government Sector				
Consolidated Fund Services	580,907	59,799	521,108	537,061
Executive Council	39,160	2,654	36,506	28,590
Finance	65,602	58,492	7,110	1,057
Government Services	32,071	10,901	21,170	19,834
Labrador and Aboriginal Affairs	8,311	4,683	3,628	2,792
Legislature	15,417	166	15,251	14,778
Public Service Commission	2,733	-	2,733	2,270
Transportation and Works	212,760	34,094	178,666	170,185
Resource Sector				
Business	1,432	-	1,432	278
Environment and Conservation	24,884	5,961	18,923	16,967
Fisheries and Aquaculture	10,290	2,209	8,081	6,980
Innovation, Trade and Rural Development	32,543	2,177	30,366	21,237
Natural Resources	71,325	12,231	59,094	51,974
Tourism, Culture and Recreation	32,987	2,481	30,506	23,856
Social Sector				
Education	876,041	31,753	844,288	836,318
Health and Community Services	1,741,417	34,589	1,706,828	1,625,306
Human Resources, Labour and Employment	276,009	18,115	257,894	260,901
Justice	144,168	11,644	132,524	131,037
Municipal and Provincial Affairs	65,717	1,198	64,519	62,369
Newfoundland and Labrador Housing Corporation	9,650	-	9,650	9,910
TOTAL	4,243,424	293,147	3,950,277	3,823,700

STATEMENT VIII

SUMMARY OF CAPITAL ACCOUNT EXPENDITURES

2005-06 and 2004-05 Revised

	2005-06			2004-05
	Gross Expenditure	Related Revenue	Net Expenditure	Revised (Net)
	($000)	($000)	($000)	($000)
General Government Sector				
Consolidated Fund Services	204	522	(318)	(130)
Executive Council	3,500	-	3,500	1,220
Finance	-	-	-	62
Government Services	2,576	105	2,471	1,202
Transportation and Works	94,065	56,877	37,188	15,251
Resource Sector				
Environment and Conservation	158	-	158	281
Fisheries and Aquaculture	36	-	36	-
Innovation, Trade and Rural Development	11,020	-	11,020	717
Natural Resources	6,518	-	6,518	5,423
Tourism, Culture and Recreation	5,775	-	5,775	49,295
Social Sector				
Education	28,304	-	28,304	92,645
Health and Community Services	47,531	-	47,531	16,113
Human Resources, Labour and Employment	829	-	829	456
Justice	1,166	-	1,166	3,250
Municipal and Provincial Affairs	94,778	34,939	59,839	30,601
TOTAL	296,460	92,443	204,017	216,386

Note: For details refer to Exhibit XIII.

STATEMENT IX

SUMMARY OF RELATED REVENUES AND EXPENDITURES
BY MAIN OBJECT AND SECTOR
2005-06 and 2004-05 Revised

	General Government Sector 2005/06	Resource Sector 2005/06	Social Sector 2005/06	Total 2005/06	% of 2005/06 Total	Total 2004/05 Revised
	($000)	($000)	($000)	($000)	%	($000)
Current:						
Salaries	132,051	69,507	125,677	327,235	7.71	310,484
Employee Benefits	120,810	577	1,230	122,617	2.89	109,154
Transportation and Communications	13,834	13,031	11,682	38,547	0.91	33,746
Supplies	35,696	6,594	15,374	57,664	1.36	56,641
Professional Services	7,923	6,075	256,684	270,682	6.38	256,180
Purchased Services	104,891	26,270	34,630	165,791	3.91	134,678
Property, Furnishings and Equipment	597	1,508	1,608	3,713	0.09	3,234
Allowances and Assistance	5,865	20	352,804	358,689	8.45	348,925
Grants and Subsidies	16,632	47,784	2,300,831	2,365,247	55.74	2,284,295
Debt Expenses	501,400	-	2,830	504,230	11.88	496,060
Information Technology	17,262	2,095	9,652	29,009	0.68	23,154
Expenditure By Sector Before Recharges	956,961	173,461	3,113,002	4,243,424	100.00	4,056,551
Voted in Other Departments and Divisions	2,730	-	-	2,730		2,034
Recharged to Other Departments and Divisions	(2,730)	-	-	(2,730)		(2,034)
Gross Current Expenditure	956,961	173,461	3,113,002	4,243,424		4,056,551
Federal Revenue Sources	(7,290)	(9,433)	(65,818)	(82,541)	28.16	(77,132)
Provincial Revenue Sources	(163,499)	(15,626)	(31,481)	(210,606)	71.84	(155,719)
Total Current Related Revenues	(170,789)	(25,059)	(97,299)	(293,147)	100.00	(232,851)
Net Current Expenditure	786,172	148,402	3,015,703	3,950,277		3,823,700
Capital:						
Salaries	5,132	106	515	5,753	1.94	2,337
Employee Benefits	-	-	1	1	0.00	1
Transportation and Communications	1,564	5	78	1,647	0.56	665
Supplies	614	4	3	621	0.21	200
Professional Services	1,885	-	6,588	8,473	2.86	1,808
Purchased Services	69,093	6,984	15,540	91,617	30.90	29,191
Property, Furnishings and Equipment	15,176	3,041	35,933	54,150	18.26	15,260
Loans, Advances and Investments	100	13,000	8,000	21,100	7.12	4,504
Grants and Subsidies	-	-	102,267	102,267	34.50	185,527
Debt Expenses	1,235	-	841	2,076	0.70	3,288
Information Technology	5,546	367	2,842	8,755	2.95	4,821
Expenditure by Sector Before Recharges	100,345	23,507	172,608	296,460	100.00	247,602
Voted in Other Departments and Divisions	5,020	-	-	5,020		1,549
Recharged to Other Departments and Divisions	(5,020)	-	-	(5,020)		(1,549)
Gross Capital Expenditure	100,345	23,507	172,608	296,460		247,602
Federal Revenue Sources	(14,602)	-	(34,939)	(49,541)	53.59	(20,328)
Provincial Revenue Sources	(42,902)	-	-	(42,902)	46.41	(10,888)
Total Capital Related Revenues	(57,504)	-	(34,939)	(92,443)	100.00	(31,216)
Net Capital Expenditure	42,841	23,507	137,669	204,017		216,386
Total Net Expenditure	829,013	171,909	3,153,372	4,154,294		4,040,086

EXHIBIT I

SELECTED ECONOMIC STATISTICS

2001 to 2004

	2004	% Change	2003	% Change	2002	% Change	2001
Population as of July 1 (000's)	517.0	-0.3	518.4	-0.2	519.4	-0.5	522.0
Gross Domestic Product at Market Prices ($ Millions)	19,717*	7.9	18,268	9.9	16,615	16.8	14,221
Personal Income ($ Millions)	12,669*	2.7	12,340	4.2	11,845	2.7	11,536
Per Capita Personal Income ($)	24,505*	2.9	23,804	4.4	22,805	3.2	22,100
Labour Force, Annual Average (000's)**	255.0	0.4	254.1	2.2	248.7	2.3	243.0
Employment, Annual Average (000's)**	215.2	1.3	212.4	2.4	207.4	1.6	204.2
Unemployment Rate, Annual Average (%)**	15.6	-0.8	16.4	-0.2	16.6	0.6	16.0
Wages and Salaries ($ Millions)	6,284	3.4	6,079	4.5	5,817	3.2	5,639
Consumer Price Index (1997=100)	113.6	1.8	111.6	2.9	108.4	2.5	105.8
Oil Production (Millions of Barrels)	114.8	-6.7	123.0	17.9	104.3	92.1	54.3
Volume of Fish Landings (000's of Metric Tonnes)	326.1	6.0	307.5	14.7	268.0	2.7	261.0
Value of Fish Landings ($ Millions)	605.1	5.1	575.6	13.9	505.4	3.7	487.2
Newsprint Shipments (Thousands of Metric Tonnes)	731.7	-6.3	780.9	5.5	740.3	-0.7	745.8
Iron Ore Shipments (Millions of Metric Tonnes)	15.0	-24.2	19.8	4.2	19.0	9.2	17.4
Value of Manufacturing Shipments NAICS ($ Millions)	3,086.7	9.2	2,826.5	12.5	2,513.5	2.0	2,465.1
Private and Public Capital Investment ($ Millions)	4,223	13.8	3,712	10.4	3,361	-0.3	3,371
Dwelling Starts (Number)	2,870	6.6	2,692	11.3	2,419	35.3	1,788
Retail Trade ($ Millions)	5,721	0.7	5,679	5.8	5,369	3.9	5,165
New Motor Vehicle Sales (Number)	22,898	-9.9	25,428	-1.4	25,790	4.6	24,649

Note: Some data are preliminary.
Some percent changes are based on unrounded data.
* Estimate of the Economics and Statistics Branch.
**Data not strictly comparable to earlier tables due to rebasing of LFS population estimates to the 2001 Census.

Source: Statistics Canada; Economics and Statistics Branch, Department of Finance

EXHIBIT II

ESTIMATED PROVINCIAL AND FEDERAL REVENUES

2005-06 and 2004-05 Revised

	2005-06 Estimates	2004-05 Revised
	($000)	($000)
PROVINCIAL TAX SOURCES:		
Personal Income Tax	779,770	766,446
Sales Tax	614,440	635,804
Gasoline Tax	145,700	142,000
Payroll Tax	92,000	90,700
Tobacco Tax	112,400	102,800
Corporate Income Tax	175,990	170,000
Offshore Royalties	215,370	234,420
Mining Taxes and Royalties	20,940	14,425
Insurance Companies Tax	37,000	36,600
Corporate Capital Tax	7,820	7,800
Forest Management Tax	2,300	2,300
TOTAL: Provincial Tax Sources	2,203,730	2,203,295
OTHER PROVINCIAL SOURCES:		
Newfoundland Liquor Corporation	99,000	105,370
Lottery Revenues	114,500	117,000
Vehicle and Driver Licences	69,497	68,627
Registry of Deeds, Companies and Securities	23,151	22,406
Fines, Fees and Forfeitures	9,280	9,305
Inland Fish and Game Licences	4,920	4,796
Water Power Rentals	4,980	4,987
Registry of Personal Property	3,400	3,210
Crown Lands	1,800	1,690
Forestry Royalties and Fees	2,110	2,110
Mining and Petroleum Permits and Fees	2,474	2,459
Offshore Revenue Fund	5,000	29,802
Other	10,175	6,420
TOTAL: Other Provincial Sources	350,287	378,182
TOTAL: PROVINCIAL SOURCES	2,554,017	2,581,477
GOVERNMENT OF CANADA:		
Equalization	860,959	790,613
Atlantic Accord	-	129,342
Arrangement on Offshore Revenues	188,700	133,600
Health Transfers	346,472	289,575
Social Transfers	140,389	135,030
Statutory Subsidies	1,708	1,708
TOTAL: GOVERNMENT OF CANADA	1,538,228	1,479,868
TOTAL: PROVINCIAL AND FEDERAL REVENUES	4,092,245	4,061,345

EXHIBIT III

CURRENT AND CAPITAL REVENUES
PROVINCIAL AND FEDERAL SOURCES
2001-02 to 2005-06

	2005-06 Estimates		2004-05 Revised		2003-04 Audited		2002-03 Audited		2001-02 Audited	
	($000)	%	($000)	%	($000)	%	($000)	%	($000)	%
Current Revenues :										
Provincial Sources	2,764,622	63.0	2,737,195	63.7	2,508,012	62.4	2,363,145	60.5	2,230,299	58.7
Federal Sources	1,620,770	37.0	1,557,001	36.3	1,511,881	37.6	1,543,881	39.5	1,570,500	41.3
Total: Current Revenues	4,385,392	100.0	4,294,196	100.0	4,019,893	100.0	3,907,026	100.0	3,800,799	100.0
Capital Revenues :										
Provincial Sources	42,902	46.4	10,888	34.9	25,973	33.0	32,304	39.2	61,129	51.5
Federal Sources	49,541	53.6	20,328	65.1	52,799	67.0	50,046	60.8	57,633	48.5
Total: Capital Revenues	92,443	100.0	31,216	100.0	78,772	100.0	82,350	100.0	118,762	100.0
Current and Capital Revenues :										
Provincial Sources	2,807,524	62.7	2,748,083	63.5	2,533,985	61.8	2,395,449	60.0	2,291,428	58.5
Federal Sources	1,670,311	37.3	1,577,329	36.5	1,564,680	38.2	1,593,927	40.0	1,628,133	41.5
Total: Current and Capital Revenues	4,477,835	100.0	4,325,412	100.0	4,098,665	100.0	3,989,376	100.0	3,919,561	100.0

EXHIBIT IV

EXPENDITURE SUMMARY

2005-06 Estimated

Head	Total		Current		Capital	
	Gross ($000)	Net ($000)	Gross ($000)	Net ($000)	Gross ($000)	Net ($000)
Consolidated Fund Services	581,111	520,790	580,907	521,108	204	(318)
Executive Council	42,660	40,006	39,160	36,506	3,500	3,500
Finance	65,602	7,110	65,602	7,110	-	-
Government Services	34,647	23,641	32,071	21,170	2,576	2,471
Labrador and Aboriginal Affairs	8,311	3,628	8,311	3,628	-	-
Legislature	15,417	15,251	15,417	15,251	-	-
Public Service Commission	2,733	2,733	2,733	2,733	-	-
Transportation and Works	306,825	215,854	212,760	178,666	94,065	37,188
Business	1,432	1,432	1,432	1,432	-	-
Environment and Conservation	25,042	19,081	24,884	18,923	158	158
Fisheries and Aquaculture	10,326	8,117	10,290	8,081	36	36
Innovation, Trade and Rural Development	43,563	41,386	32,543	30,366	11,020	11,020
Natural Resources	77,843	65,612	71,325	59,094	6,518	6,518
Tourism, Culture and Recreation	38,762	36,281	32,987	30,506	5,775	5,775
Education	904,345	872,592	876,041	844,288	28,304	28,304
Health and Community Services	1,788,948	1,754,359	1,741,417	1,706,828	47,531	47,531
Human Resources, Labour and Employment	276,838	258,723	276,009	257,894	829	829
Justice	145,334	133,690	144,168	132,524	1,166	1,166
Municipal and Provincial Affairs	160,495	124,358	65,717	64,519	94,778	59,839
Newfoundland and Labrador Housing Corporation	9,650	9,650	9,650	9,650	-	-
TOTAL	4,539,884	4,154,294	4,243,424	3,950,277	296,460	204,017

EXPENDITURE SUMMARY

2004-05 Revised

Consolidated Fund Services	561,831	536,931	561,627	537,061	204	(130)
Executive Council	31,179	29,810	29,959	28,590	1,220	1,220
Finance	53,690	1,119	53,628	1,057	62	62
Government Services	31,584	21,036	30,332	19,834	1,252	1,202
Labrador and Aboriginal Affairs	7,494	2,792	7,494	2,792	-	-
Legislature	14,964	14,778	14,964	14,778	-	-
Public Service Commission	2,270	2,270	2,270	2,270	-	-
Transportation and Works	226,845	185,436	199,885	170,185	26,960	15,251
Business	278	278	278	278	-	-
Environment and Conservation	22,325	17,248	22,044	16,967	281	281
Fisheries and Aquaculture	9,142	6,980	9,142	6,980	-	-
Innovation, Trade and Rural Development	27,031	21,954	22,917	21,237	4,114	717
Natural Resources	69,938	57,397	64,515	51,974	5,423	5,423
Tourism, Culture and Recreation	75,743	73,151	26,321	23,856	49,422	49,295
Education	960,988	928,963	865,445	836,318	95,543	92,645
Health and Community Services	1,669,034	1,641,419	1,652,921	1,625,306	16,113	16,113
Human Resources, Labour and Employment	276,125	261,357	275,669	260,901	456	456
Justice	146,668	134,287	143,418	131,037	3,250	3,250
Municipal and Provincial Affairs	107,114	92,970	63,812	62,369	43,302	30,601
Newfoundland and Labrador Housing Corporation	9,910	9,910	9,910	9,910	-	-
TOTAL	4,304,153	4,040,086	4,056,551	3,823,700	247,602	216,386

EXHIBIT V

PUBLIC SECTOR DEBT

2001 to 2005

	Five Years ending March 31				
	2005*	2004	2003	2002	2001
	(Millions of dollars)				
Provincial Direct Debt:					
Payable in Canadian Dollars	4,346.9	3,945.8	3,714.1	3,464.1	3,458.5
Due Government of Canada	1,012.1	633.7	633.7	633.7	634.3
Payable in U.S. Dollars (i)	1,384.6	1,508.0	1,688.2	1,833.3	1,849.8
Payable in Japanese Yen	-	-	-	-	28.9
Payable in Swiss Francs	-	-	162.7	284.4	272.8
Total Debenture and Other Debt	6,743.6	6,087.5	6,198.7	6,215.5	6,244.3
Treasury Bills	494.0	494.0	494.0	494.0	390.0
Total Provincial Direct Debt (ii)	7,237.6	6,581.5	6,692.7	6,709.5	6,634.3
Crown Corporation and Other Debt:					
Utility	1,414.0	1,416.5	1,293.9	1,150.2	1,055.6
Housing	46.0	57.1	60.4	79.4	124.4
Municipal	636.1	675.3	602.4	594.4	579.1
Student Loans	213.0	213.0	-	-	-
Other	347.6	389.7	381.5	346.1	276.7
Total Crown Corporation and Other Debt	2,656.7	2,751.6	2,338.2	2,170.1	2,035.8
Deduct Sinking Funds held for Redemption of Debt:					
Direct Debt (iii)	948.1	785.2	834.4	1,029.9	1,282.3
Guaranteed Debt	352.2	274.5	253.7	232.0	244.4
Total Sinking Funds	1,300.3	1,059.7	1,088.1	1,261.9	1,526.7
Total Public Sector Debt (iv)	8,594.0	8,273.4	7,942.8	7,617.7	7,143.4

* Forecast

Notes: (i) For 2005, foreign currency debt is converted to the Canadian dollar equivalent using the exchange rate of 1.204.

(ii) Between the years 2001 and 2005, the Province borrowed a total of $735 million for the purpose of making special payments to address the unfunded liabilities of its pension plans.

(iii) During this period, sinking fund assets of $462 million were returned to the Province upon the wind-up of voluntary sinking funds related to borrowings from the Canada Pension Plan.

(iv) The public sector debt includes the debt of Government, its Crown Corporations, boards and agencies, guaranteed debt, and debt incurred by municipalities, even though such debt may not be guaranteed. It does not include payables and accruals or unfunded liabilities related to pensions, severance or retirement benefits.

EXHIBIT VI

SUMMARY OF CURRENT REVENUES (By Source)

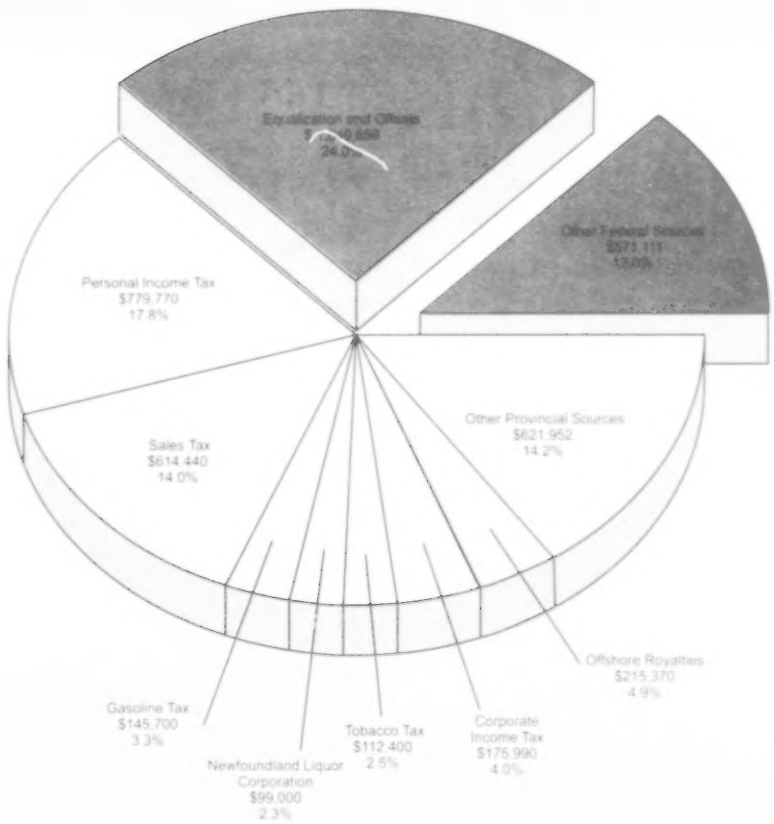
WHERE THE MONEY COMES FROM

Percentage Of Total		Source	Amount ($000)	
Revised 2004-05	Estimate 2005-06		Estimate 2005-06	Revised 2004-05
		Provincial		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Total: Provincial	[illegible]	[illegible]
		Government of Canada		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Total: Government of Canada	[illegible]	[illegible]
[illegible]	[illegible]	Total	[illegible]	[illegible]

EXHIBIT VI

SUMMARY OF CURRENT REVENUES (By Source)

WHERE THE MONEY COMES FROM

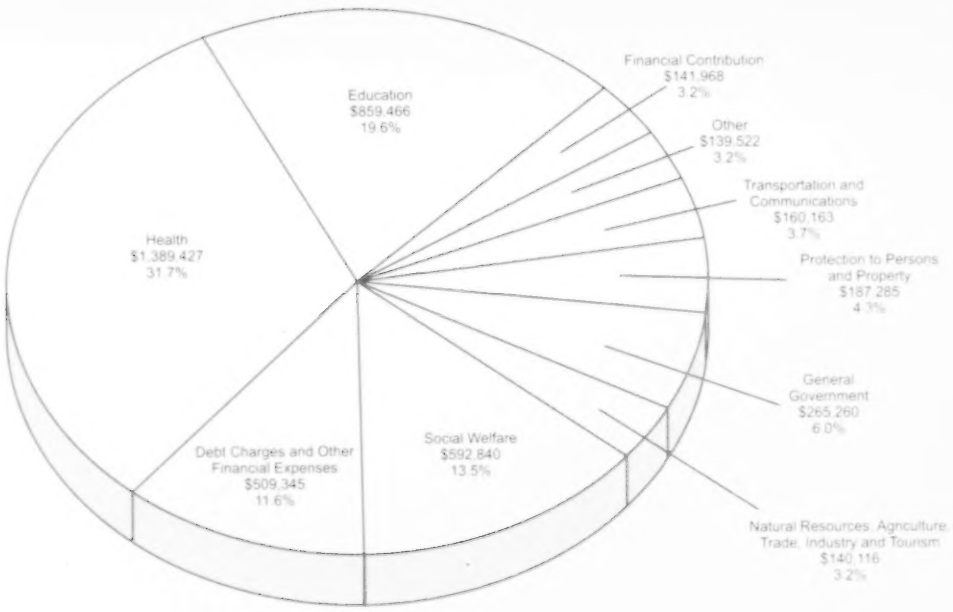


Percentage Of Total		Source	Amount ($000)	
Revised 2004-05	Estimate 2005-06		Estimate 2005-06	Revised 2004-05
		Provincial:		
17.8	17.8	Personal Income Tax	779,770	766,446
14.8	14.0	Sales Tax	614,440	635,804
3.3	3.3	Gasoline Tax	145,700	142,000
5.5	4.9	Offshore Royalties	215,370	234,420
2.5	2.3	Newfoundland Liquor Corporation	99,000	105,370
2.4	2.5	Tobacco Tax	112,400	102,800
3.9	4.0	Corporate Income Tax	175,990	170,000
13.5	14.2	Other Provincial Sources	621,952	580,355
63.7	63.0	**Total: Provincial**	2,764,622	2,737,195
		Government of Canada:		
24.6	24.0	Equalization and Offsets	1,049,659	1,053,555
11.7	13.0	Other Federal Sources	571,111	503,446
36.3	37.0	**Total: Government of Canada**	1,620,770	1,557,001
100.0	100.0	**Total**	4,385,392	4,294,196

EXHIBIT VII

SUMMARY OF CURRENT ACCOUNT EXPENDITURES (By Function)

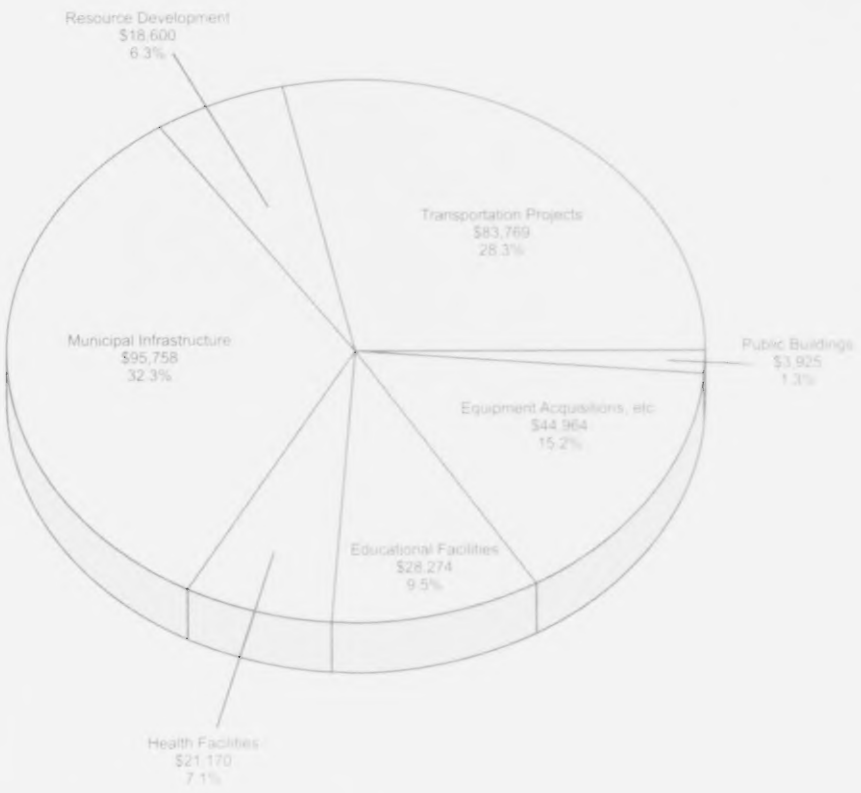
WHERE THE MONEY GOES



Percentage of Total		Function of Expenditure	Amount ($000)	
Revised 2004-05	Estimate 2005-06		Estimate 2005-06	Revised 2004-05
		Expenditure:		
19.7	19.6	Education	859,466	847,641
30.7	31.7	Health	1,389,427	1,318,368
11.7	11.6	Debt Charges and Other Financial Expenses	509,345	500,299
13.5	13.5	Social Welfare	592,840	578,576
2.7	3.2	Natural Resources, Agriculture, Trade, Industry and Tourism	140,116	117,977
5.3	6.0	General Government	265,260	227,066
4.3	4.3	Protection to Persons and Property	187,285	184,357
3.6	3.7	Transportation and Communications	160,163	153,212
3.0	3.2	Other	139,522	129,055
94.5	96.8	**Total: Expenditures**	4,243,424	4,056,551
5.5	3.2	**Financial Contribution**	141,968	237,645
100.0	100.0	**Total**	4,385,392	4,294,196

EXHIBIT VIII

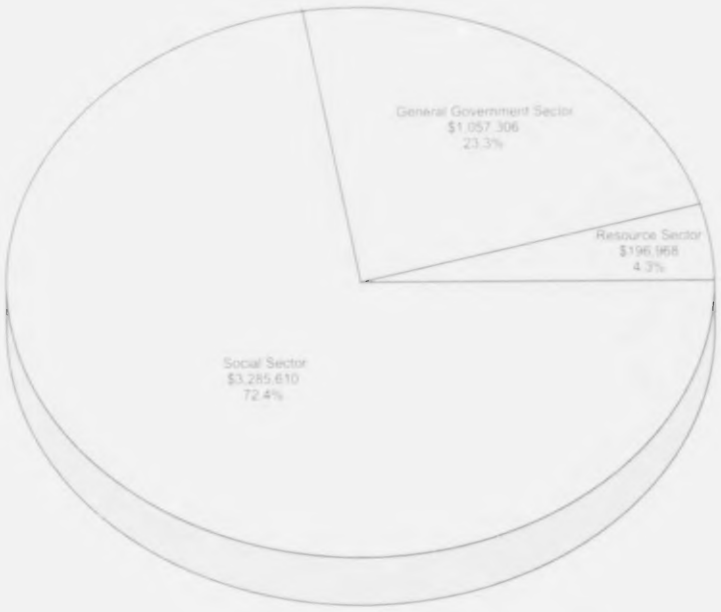
SUMMARY OF GROSS CAPITAL ACCOUNT EXPENDITURES
(By Function)



Percentage of Total		Category of Capital Expenditure	Amount ($000)	
Revised 2004-05	Estimate 2005-06		Estimate 2005-06	Revised 2004-05
		Expenditure:		
9.4	28.3	Transportation Projects	83,769	23,356
3.4	6.3	Resource Development	18,600	8,392
17.5	32.3	Municipal Infrastructure	95,758	43,442
4.4	7.1	Health Facilities	21,170	10,800
38.6	9.5	Educational Facilities	28,274	95,513
6.5	15.2	Equipment Acquisitions, etc.	44,964	16,026
20.2	1.3	Public Buildings	3,925	50,073
100.0	100.0	**Total: Expenditure**	296,460	247,602
		Source of Financing:		
8.2	16.7	Government of Canada Revenues	49,541	20,328
4.4	14.5	Provincial Revenues	42,902	10,888
87.4	68.8	Financial Requirement	204,017	216,386
100.0	100.0	**Total: Sources**	296,460	247,602

EXHIBIT IX

SUMMARY OF GROSS GOVERNMENT EXPENDITURES CURRENT AND CAPITAL (By Sector)



(TOTAL EXPENDITURE: $ 4,539,883,900)

GROSS GOVERNMENT EXPENDITURE

	Estimate 2005-06 ($000)	Percentage of Total %
Sector Expenditure		
General Government	1,057,306	23.3
Resource	196,968	4.3
Social	3,285,610	72.4
Total: Expenditure	4,539,884	100.0

RESOURCE SECTOR

	Estimate 2005-06 ($000)	Percentage of Total %
Business	1,432	0.1
Environment and Conservation	25,042	0.6
Fisheries and Aquaculture	10,326	0.2
Innovation, Trade and Rural Development	43,563	0.9
Natural Resources	77,843	1.7
Tourism, Culture and Recreation	38,762	0.8
Total: Resource Sector	196,968	4.3

SOCIAL SECTOR

	Estimate 2005-06 ($000)	Percentage of Total %
Education	904,345	20.0
Health and Community Services	1,788,948	39.4
Human Resources, Labour and Employment	276,838	6.1
Justice	145,334	3.2
Municipal and Provincial Affairs	160,495	3.5
Newfoundland and Labrador Housing Corporation	9,650	0.2
Total: Social Sector	3,285,610	72.4

GENERAL GOVERNMENT SECTOR

	Estimate 2005-06 ($000)	Percentage of Total %
Consolidated Fund Services	581,111	12.8
Executive Council	42,660	0.9
Finance	65,602	1.5
Government Services	34,647	0.8
Labrador and Aboriginal Affairs	8,311	0.2
Legislature	15,417	0.3
Public Service Commission	2,733	0.1
Transportation and Works	306,825	6.7
Total: General Government Sector	1,057,306	23.3

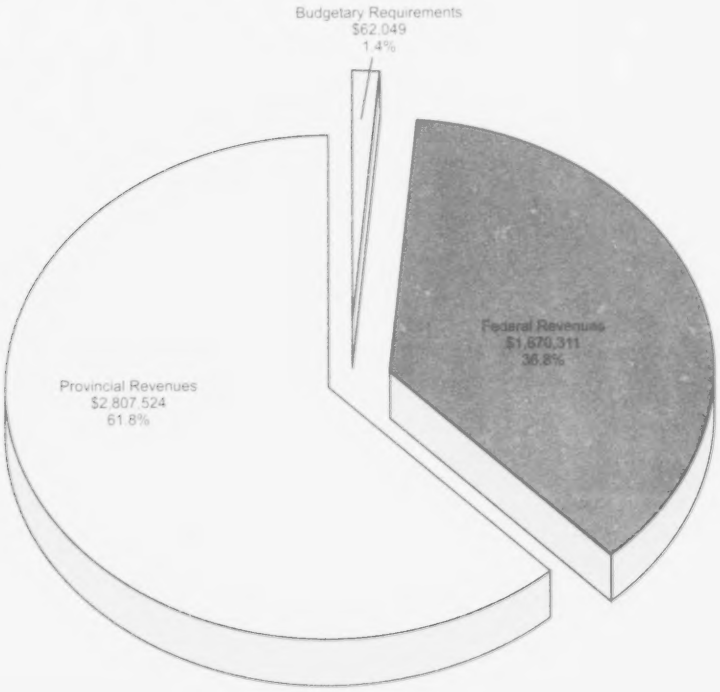
EXHIBIT X

SUMMARY OF BUDGETARY FINANCING SOURCES
(For Gross Current and Capital Account Expenditures)

Percentage of Total		Category of Financing	Amount ($000)	
Revised 2004-05	Estimate 2005-06		Estimate 2005-06	Revised 2004-05
		Revenue Sources:		
63.9	63.2	Provincial	2,807,524	2,748,083
36.0	36.8	Federal	1,670,311	1,577,329
99.9	100.0		4,477,834	4,325,412
		Budgetary Requirements		
4.8	4.5	Capital Account Net Expenditures	204,017	216,386
(2.7)	(3.1)	Current Account Financial Requirements	(131,968)	(237,645)
2.1	1.4	Total Budgetary Requirements (Surplus)	72,049	(21,259)
100.0	100.0	**Total: Sources**	4,549,883	4,304,153

EXHIBIT X

SUMMARY OF BUDGETARY FINANCING SOURCES
(For Gross Current and Capital Account Expenditures)



Percentage of Total		Category of Financing	Amount ($000)	
Revised 2004-05	Estimate 2005-06		Estimate 2005-06	Revised 2004-05
		Revenue Sources:		
63.9	61.8	Provincial	2,807,524	2,748,083
36.6	36.8	Federal	1,670,311	1,577,329
100.5	98.6		4,477,835	4,325,412
		Budgetary Requirements:		
5.0	4.5	Capital Account (Net Expenditure)	204,017	216,386
(5.5)	(3.1)	Current Account (Financial Contribution)	(141,968)	(237,645)
(0.5)	1.4	Total Budgetary Requirements (Contribution):	62,049	(21,259)
100.0	100.0	**Total: Sources**	4,539,884	4,304,153

EXHIBIT XI

SUMMARY OF SALARY COSTS BY DEPARTMENT

2005-06 and 2004-05 Revised

DEPARTMENT	2005-06 Estimates $	2004-05 Revised $
Executive Council	18,753,700	16,511,600
Finance	11,777,900	7,759,700
Government Services	20,965,000	19,975,200
Labrador and Aboriginal Affairs	1,468,000	1,291,300
Legislature	7,158,200	6,859,500
Public Service Commission	2,107,700	1,771,700
Transportation and Works	74,952,900	69,576,200
Business	560,000	100,000
Environment and Conservation	13,351,000	12,569,400
Fisheries and Aquaculture	5,843,000	5,068,400
Innovation, Trade and Rural Development	10,194,100	8,541,100
Natural Resources	31,729,700	30,544,900
Tourism, Culture and Recreation	7,935,000	7,877,500
Education	11,485,000	10,837,700
Health and Community Services	12,823,000	12,311,500
Human Resources, Labour and Employment	27,089,500	25,380,600
Justice	68,273,700	69,350,700
Municipal and Provincial Affairs	6,520,600	6,494,300
TOTAL	332,988,000	312,821,300
Less: Capital Account Salary Expenditure	5,752,600	2,337,000
Total: Current Account Salary Expenditure	327,235,400	310,484,300

EXHIBIT XII

ESTIMATED INTEREST AND DEBT RETIREMENT 2005-06

Term	Series	Amount Outstanding	Interest Rate	Sinking Fund Rate	Interest	Sinking Fund	Debt Redemption
			%	%	$	$	$
Payable in Canadian Dollars:							
1987/2007	5S	42,300,000	10.79	2.0	4,564,200	846,000	
1987/2010	5R	100,000,000	9.375	2.0	9,375,000	2,000,000	
1988/2008	5T	100,000,000	11.25	2.0	11,250,000	2,000,000	
1989/2012	5U	125,000,000	11.0	2.0	13,750,000	2,500,000	
1989/2014	5V	150,000,000	10.125	1.5	15,187,500	2,250,000	
1991/2021	5X	147,892,000	10.95	-	16,194,200		
1993/2013	EC6	81,734,000	5.65	2.0	4,618,000	1,634,700	
1995/2025	6B	100,000,000	9.15	0.75	9,150,000	750,000	
1996/2026	6C	150,000,000	8.45	0.75	12,675,000	1,125,000	
1997/2007	6E	150,000,000	5.90	-	8,850,000		
1998/2008	6G	250,000,000	5.70	-	14,250,000		
1998/2028	6F	450,000,000	6.15	1.0	27,675,000	4,500,000	
1999/2009	6J	200,000,000	6.70	-	13,400,000		
1999/2029	6H	200,000,000	6.50	1.125	13,000,000	2,250,000	
2000/2030	6K	450,000,000	6.55	1.125	29,475,000	5,062,500	
2001/2005	6M	100,000,000	4.61	-	4,610,000		100,000,000
2001/2011	6L	200,000,000	6.4	-	12,800,000		
2002/2010	EC7	200,000,000	5.125	-	10,250,000		
2002/2042	6Q	250,000,000	6.24	0.5	15,600,000	1,250,000	
2003/2033	6R	300,000,000	5.60	1.25	16,800,000	3,750,000	
2004/2014	6S	300,000,000	5.25	-	15,750,000		
2004/2035	6T	300,000,000	5.70	1.25	17,100,000	3,750,000	
2005/2006 Anticipated			-	-	2,875,000		
					299,198,900	33,668,200	100,000,000
Payable in United States Dollars:							
1987/2007	AF	100,000,000	11.625	2.0	14,531,300	2,500,000	
1989/2019	AG	150,000,000	9.00	1.5	16,875,000	2,812,500	
1990/2020	AH	150,000,000	9.875	0.5	18,515,600	937,500	
1990/2020	AJ	150,000,000	10.00	0.5	18,750,000	937,500	
1991/2021	AK	200,000,000	9.00	0.5	22,500,000	1,250,000	
1992/2022	AM	200,000,000	8.65	0.5	21,625,000	1,250,000	
1993/2023	AN	200,000,000	7.32	0.75	18,300,000	1,875,000	
					131,096,900	11,562,500	
					430,295,800	45,230,700	100,000,000

EXHIBIT XII

ESTIMATED INTEREST AND DEBT RETIREMENT 2005-06 (Cont'd)

Term	Series	Amount Outstanding	Interest Rate	Sinking Fund Rate	Interest	Sinking Fund	Debt Redemption
			%	%	$	$	$
Canada Pension Plan: (20 Year Term)							
1985/86	3A	50,570,000	10.58-12.57	-	3,631,700		
1986/87	3A	59,659,000	9.04-10.17	-	5,735,200		
1987/88	3A	43,829,000	9.12-11.07	-	4,280,400		
1988/89	3A	41,635,000	9.62-10.39	-	4,196,400		
1989/90	3A	45,188,000	9.15-10.31	-	4,475,100		
1990/91	3A	40,432,000	9.78-11.33	-	4,385,400		
1991/92	3A	40,858,000	9.81-10.04	-	4,052,800		
1992/93	3A	28,770,000	9.17- 9.45	-	2,695,300		
1998/99	3A	1,827,000	5.97	-	109,100		
1999/00	3A	35,282,000	5.89-7.02	-	2,248,100		
2000/01	3A	42,645,000	6.41-6.90	-	2,851,100		
2001/02	3A	52,376,113	6.38-6.85	-	3,452,800		
2002/03	3A	52,104,000	5.88-6.61	-	3,275,400		
2003/04	3A	50,738,000	5.41-6.15	-	2,907,200		
2004/05	3A	47,146,000	5.36-5.92	-	2,680,100		
2005/06 Anticipated					1,068,500		
					52,044,600		
TOTAL					482,340,400	45,230,700	100,000,000

AVERAGE EXCHANGE RATE USED IN CONVERSION

U.S..... 1.2500 Cdn.

EXHIBIT XIII

DETAILS OF CAPITAL EXPENDITURES

ESTIMATES 2005-06

ACTIVITY NO.	DETAILS	GROSS EXPENDITURE $	RELATED REVENUE $	NET EXPENDITURE $
CONSOLIDATED FUND SERVICES				
1.2.01	Recoveries on Loans, Advances and Investments	-	521,100	(521,100)
1.3.01	Various Facilities	103,800	-	103,800
1.4.02	Issues Under Guarantee	100,000	1,000	99,000
TOTAL		203,800	522,100	(318,300)
EXECUTIVE COUNCIL				
4.1.02	Administrative Support	3,500,000	-	3,500,000
TOTAL		3,500,000	-	3,500,000
GOVERNMENT SERVICES				
1.2.02	Administrative Support	2,576,200	105,000	2,471,200
TOTAL		2,576,200	105,000	2,471,200
TRANSPORTATION AND WORKS				
1.2.05	Administrative Support	1,200,000	325,000	875,000
2.2.05	Salt Storage Sheds	1,000,000	-	1,000,000
2.3.03	Equipment Acquisitions	8,796,000	125,000	8,671,000
3.2.04	Administrative Support	112,600	-	112,600
3.2.05	Improvement and Construction - Provincial Roads	4,000,000	-	4,000,000
3.2.06	Highway/Regional Road Construction	18,000,000	8,910,000	9,090,000
3.2.07	Trans Labrador Highway	41,000,000	41,000,000	-
3.2.08	Strategic Highway Infrastructure Program	13,650,000	6,092,200	7,557,800
3.2.09	Land Acquisition	2,000,000	-	2,000,000
3.3.02	Development of New Facilities	500,000	-	500,000
4.1.04	Airstrips	425,000	425,000	-
4.2.05	Ferry Terminals	1,350,000	-	1,350,000
4.2.06	Ferry Vessels	2,031,300	-	2,031,300
TOTAL		94,064,900	56,877,200	37,187,700
ENVIRONMENT AND CONSERVATION				
1.2.04	Administrative Support	157,500	-	157,500
TOTAL		157,500	-	157,500
FISHERIES AND AQUACULTURE				
1.2.02	Administrative Support	36,000	-	36,000
TOTAL		36,000	-	36,000
INNOVATION, TRADE AND RURAL DEVELOPMENT				
1.2.05	Administrative Support	20,000	-	20,000
3.1.05	Strategic Enterprise Development Fund	11,000,000	-	11,000,000
TOTAL		11,020,000	-	11,020,000

EXHIBIT XIII

DETAILS OF CAPITAL EXPENDITURES

ESTIMATES 2005-06

ACTIVITY NO.	DETAILS	GROSS EXPENDITURE	RELATED REVENUE	NET EXPENDITURE
		$	$	$
NATURAL RESOURCES				
1.2.03	Administrative Support	1,018,000	-	1,018,000
2.1.04	Resource Roads Construction	3,500,000	-	3,500,000
3.1.03	Land Development	2,000,000	-	2,000,000
TOTAL		6,518,000	-	6,518,000
TOURISM, CULTURE AND RECREATION				
1.2.04	Administrative Support	375,000	-	375,000
3.1.07	Newfoundland and Labrador Film Development Corporation	2,000,000	-	2,000,000
3.1.08	Rooms Facility	3,400,000	-	3,400,000
TOTAL		5,775,000	-	5,775,000
EDUCATION				
2.1.04	Administrative Support	30,000	-	30,000
3.1.09	School Facilities - New Construction and Alterations to Existing Facilities	9,450,000	-	9,450,000
4.2.02	Physical Plant and Equipment	8,724,100	-	8,724,100
4.3.02	Physical Plant and Equipment	2,100,000	-	2,100,000
4.4.04	Newfoundland and Labrador Student Loans Program	8,000,000	-	8,000,000
TOTAL		28,304,100	-	28,304,100
HEALTH AND COMMUNITY SERVICES				
1.2.09	Administrative Support	2,044,600	-	2,044,600
3.2.01	Furnishings and Equipment	24,420,000	-	24,420,000
3.2.02	Health Care Facilities	21,066,500	-	21,066,500
TOTAL		47,531,100	-	47,531,100
HUMAN RESOURCES, LABOUR AND EMPLOYMENT				
1.2.04	Administrative Support	828,700	-	828,700
TOTAL		828,700	-	828,700
JUSTICE				
1.2.04	Administrative Support	1,141,400	-	1,141,400
3.1.02	Supreme Court Facilities	25,000	-	25,000
TOTAL		1,166,400	-	1,166,400
MUNICIPAL AND PROVINCIAL AFFAIRS				
1.2.03	Administrative Support	20,000	-	20,000
3.2.01	Municipal Infrastructure	60,830,800	-	60,830,800
3.2.02	Canada/Newfoundland and Labrador Infrastructure Program	24,381,300	24,208,900	172,400
3.2.03	Community Development - Coastal Labrador	8,145,800	2,867,700	5,278,100
4.1.04	Disaster Assistance	1,400,000	7,862,200	(6,462,200)
TOTAL		94,777,900	34,938,800	59,839,100
TOTAL: CAPITAL ACCOUNT EXPENDITURES		296,459,600	92,443,100	204,016,500

EXHIBIT XIV

DETAILS OF TANGIBLE CAPITAL ASSET ACQUISITIONS

ESTIMATES 2005-06

ACTIVITY NO.	DETAILS	GROSS EXPENDITURE	RELATED REVENUE	NET EXPENDITURE
		$	$	$
EXECUTIVE COUNCIL				
4.1.02	Administrative Support	3,500,000	-	3,500,000
TOTAL		3,500,000	-	3,500,000
GOVERNMENT SERVICES				
1.2.02	Administrative Support	2,576,200	105,000	2,471,200
TOTAL		2,576,200	105,000	2,471,200
TRANSPORTATION AND WORKS				
1.2.05	Administrative Support	1,200,000	325,000	875,000
2.2.05	Salt Storage Sheds	1,000,000	-	1,000,000
2.3.03	Equipment Acquisitions	8,796,000	125,000	8,671,000
3.2.04	Administrative Support	112,600	-	112,600
3.2.05	Improvement and Construction - Provincial Roads	4,000,000	-	4,000,000
3.2.06	Highway/Regional Road Construction	18,000,000	8,910,000	9,090,000
3.2.07	Trans Labrador Highway	41,000,000	41,000,000	-
3.2.08	Strategic Highway Infrastructure Program	13,650,000	6,092,200	7,557,800
3.2.09	Land Acquisition	2,000,000	-	2,000,000
3.3.02	Development of New Facilities	500,000	-	500,000
4.1.04	Airstrips	425,000	425,000	-
4.2.05	Ferry Terminals	1,350,000	-	1,350,000
4.2.06	Ferry Vessels	2,031,300	-	2,031,300
TOTAL		94,064,900	56,877,200	37,187,700
ENVIRONMENT AND CONSERVATION				
1.2.04	Administrative Support	157,500	-	157,500
TOTAL		157,500	-	157,500
FISHERIES AND AQUACULTURE				
1.2.02	Administrative Support	36,000	-	36,000
TOTAL		36,000	-	36,000
INNOVATION, TRADE AND RURAL DEVELOPMENT				
1.2.05	Administrative Support	20,000	-	20,000
TOTAL		20,000	-	20,000
NATURAL RESOURCES				
1.2.03	Administrative Support	1,018,000	-	1,018,000
2.1.04	Resource Roads Construction	3,500,000	-	3,500,000
3.1.03	Land Development	2,000,000	-	2,000,000
TOTAL		6,518,000	-	6,518,000

EXHIBIT XIV

DETAILS OF TANGIBLE CAPITAL ASSET ACQUISITIONS

ESTIMATES 2005-06

ACTIVITY NO.	DETAILS	GROSS EXPENDITURE	RELATED REVENUE	NET EXPENDITURE
		$	$	$
TOURISM, CULTURE AND RECREATION				
1.2.04	Administrative Support	375,000	-	375,000
3.1.08	Rooms Facility	3,400,000	-	3,400,000
TOTAL		3,775,000	-	3,775,000
EDUCATION				
2.1.04	Administrative Support	30,000	-	30,000
3.1.09	School Facilities - New Construction and Alterations to Existing Facilities	9,450,000	-	9,450,000
TOTAL		9,480,000	-	9,480,000
HEALTH AND COMMUNITY SERVICES				
1.2.09	Administrative Support	2,044,600	-	2,044,600
TOTAL		2,044,600	-	2,044,600
HUMAN RESOURCES, LABOUR AND EMPLOYMENT				
1.2.04	Administrative Support	828,700	-	828,700
TOTAL		828,700	-	828,700
JUSTICE				
1.2.04	Administrative Support	1,141,400	-	1,141,400
3.1.02	Supreme Court Facilities	25,000	-	25,000
TOTAL		1,166,400	-	1,166,400
MUNICIPAL AND PROVINCIAL AFFAIRS				
1.2.03	Administrative Support	20,000	-	20,000
TOTAL		20,000	-	20,000
TOTAL: TANGIBLE CAPITAL ASSET ACQUISITIONS		124,187,300	56,982,200	67,205,100

EXHIBIT XV

NEWFOUNDLAND AND LABRADOR ESTIMATE OF 2005 TAX EXPENDITURES

ESTIMATES 2005-06

The principal function of the tax system is to raise the revenues necessary to fund government expenditures in a manner that is both efficient and equitable. The tax system is also an instrument of policy that serves to advance a wide range of economic, social and other public policy objectives. Tax measures that reflect such objectives include exemptions, deductions, rebates, deferrals and credits, and are typically referred to as "tax expenditures". Tax expenditures can be viewed as substitutes for direct program spending, and are disclosed in the following estimates.

	($ Millions)
Personal Income Tax	
Child Benefit	8.5
Senior's Benefit	7.8
HST Credit	5.6
Low Income Tax Reduction	5.5
Labour Sponsored Venture Capital Tax Credit	0.2
Direct Equity Tax Credit	0.1
Political Contributions Tax Credit	0.1
Corporate Income Tax	
Small Business Tax Rate Reduction	17.8
Manufacturing and Processing Profits Tax Rate Reduction	8.0
Research and Development Tax Credit	3.8
New Small Business Tax Holiday	0.3
EDGE Remissions	0.3
Film and Video Industry Tax Credit	0.3
Offshore Area Tax Reduction	0.2
Harmonized Sales Tax	
Book Rebate	3.7
Labrador Building Materials Rebate	0.5
Gasoline Tax	
Exemptions for Fishing, Aquaculture, Farming and Logging	4.5
Exemptions for Electricity Generation	2.0
Exemptions for Municipal Governments	1.0
Exemptions for Mineral Exploration and Pre-production Development	0.6
Exemptions for Rock Crushing and/or Screening Aggregates	0.3
Tobacco Tax	
Labrador Border Zones Reduced Rates	1.6

GOVERNMENT OF
NEWFOUNDLAND AND LABRADOR

P. O. Box 8700, St.John's, NL A1B 4J6

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